

RELEVANT FOR JUNE, 2020 SESSION ONWARDS

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# STUDY MATERIAL

## PROFESSIONAL PROGRAMME

# INTELLECTUAL PROPERTY RIGHTS-LAWS AND PRACTICES

## MODULE 3 ELECTIVE PAPER 9.3



**THE INSTITUTE OF  
Company Secretaries of India**

**भारतीय कम्पनी सचिव संस्थान**

**IN PURSUIT OF PROFESSIONAL EXCELLENCE**

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# **PROFESSIONAL PROGRAMME**

## **INTELLECTUAL PROPERTY RIGHTS – LAWS AND PRACTICES**

Intellectual Property Rights in general refers to the set of intangible assets including invention, creation, and contribution to the contemporaneous field of knowledge which is owned and legally protected by an individual or company from the outside use or implementation without approved consent. The economic growth, financial incentive and motivation for advanced innovations imbedded in the balanced legal protection of Intellectual Property Rights entails proficient, directed and timely updated guidance in the field of Intellectual Property Rights.

Intellectual property has increasingly assumed a vital role with the rapid pace of technological, scientific and medical innovation that we are witnessing today. Moreover, changes in the global economic environment have influenced the development of business models where intellectual property is a central element establishing value and potential growth. In India several new legislations for the protection of intellectual property rights (IPRs) have been passed to meet the international obligations under the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

Intellectual property has therefore grown into one of the world's biggest and fastest-growing fields of law thereby necessitating the demand for IP professionals well versed in this area to deal with (IPRs) across the national and international borders.

As you are aware, varied roles are played by the Company Secretaries in the field of Intellectual Property Rights and the present day progressive changes in the IPRs are expanding the gateway of opportunities for the professionals to guide, advice and appear in the matters related to Intellectual Property Rights.

The Institute of Company Secretaries of India (ICSI), while persistently playing a pivotal role in building capacities of its members has decided to provide a 360 degree rounded set of learning to the students along with apprising them with the advanced changes in the arena of Intellectual Property Rights and their directed implementation.

Therefore, this study material has been prepared to provide the students with a wide perspective and in-depth knowledge in intellectual property to enable them to get solid grounding in the legislative framework, practice and procedure of the intellectual property protected through patents, trademarks, copyrights, designs and geographical indications. The course contents of this study material have been so designed as to develop specialised skills in the corpus and complexities of the different aspects of the subject besides meeting the requirements of a future career in this area.

The domain of intellectual property is vast. Only those IPR legislations have been included which are of direct relevance to the profession of Company Secretaries. Every effort has been made to provide a self-contained material and an integrated approach has been adopted throughout.

With this objective in mind, a number of procedures have also been included at relevant places.

Besides, as per the Company Secretaries Regulations, 1982, students are expected to conversant with the amendments to the law made up to six months preceding the date of examination.

The legislative changes made upto December 31, 2019 have been incorporated in the study material. However, on one hand, where the subject of Intellectual Property Rights: Laws and Practices is inherently fundamental to understand the basics and advanced principles related to Intellectual Property Rights and on the similar end it is subject to the refinement of Legislation, Rules and Regulations. Henceforth, it becomes necessary for every

student to constantly update with legislative changes made as well as judicial pronouncements rendered from time to time by referring to the Institute's monthly journal 'Chartered Secretary', E-Bulletin 'Student Company Secretary' as well as other legal and professional journals along with the aid of reference books related to the subject.

In the event of any doubt, students may write to the Directorate of Professional Development, Perspective Planning and Studies of the Institute for clarification.

Although due care has been taken in publishing this study material, the possibility of errors, omissions and /or discrepancies cannot be ruled out. This publication is released with an understanding that the Institute shall not be responsible for any errors, omissions and /or discrepancies or any action taken in that behalf.

Should there be any discrepancies, errors or omissions noted in the study material, the Institute shall be obliged, if the same is brought to its notice for issue of corrigendum in the e-Bulletin 'Student Company Secretary'.

## THE LIST OF LAWS COVERED UNDER THE STUDY

- Berne Convention Biodiversity Act, 2002
- Convention on Biological Diversity (CBD) 1992 Copyright Act, 1957
- Copyright (Amendment) Act, 2012 Designs Act, 2000
- Geographical Indication of Goods (Registration and Protection) Act, 1999 Information Technology Act, 2000
- Law Relating to Trade Secrets Paris Convention
- Patent Co-operation Treaty Patent Act, 1970
- Patent Rules, 2003
- Patent (Amendment) Rules, 2017
- Protection of Plant Varieties and Farmers Rights Act, 2001 Semiconductor Integrated Circuits Layout-Design Act, 2000 Trademarks Act, 1999
- Trade Related Aspects of Intellectual Property Rights
- United Nations Educational, Scientific and Cultural Organization Universal Copyright Convention
- World Intellectual Property Organization (WIPO)

**PROFESSIONAL PROGRAMME**  
**Module 3**  
**Paper 9.3**  
**Intellectual Property Rights – Laws and Practices**

**SYLLABUS**

**Objective**

**Level of Knowledge:** Expert Knowledge

**Objective:** To learn, understand and analyse the Laws and Relations relating to Intellectual Property Rights in India along with the glimpse of International practices.

**Detailed Contents :**

**1. Introduction**

- Concept of Property vis-à-vis Intellectual Property
- Concept of Property and Theories of Property – An Overview
- Theories of Intellectual Property Rights
- Meaning, Relevance, Business Impact, Protection of Intellectual Property
- Intellectual Property as an Instrument of Development; Need for Protecting
- Intellectual Property – Policy Consideration – National and International
- Perspectives
- Competing Rationales for Protection of Intellectual Property Rights
- Intellectual Property Rights as Human Right
- Determining Financial Value of Intellectual Property Rights
- Negotiating Payments Terms in Intellectual Property Transaction
- Intellectual Property Rights in the Cyber World

**2. Types of Intellectual Property- Origin and Development- An Overview**

- Copyrights
- Trademarks
- Patents
- Designs
- Utility Models
- Trade Secrets and Geographical
- Indications

- Bio-Diversity and IPR.

### **3. Role of International Institutions**

- Introduction to the leading International
- Instruments concerning Intellectual Property Rights
- The Berne Convention
- Universal Copyright Convention
- The Paris Convention
- Patent Co-operation Treaty
- TRIPS
- The World Intellectual Property Organization (WIPO) and the UNESCO

### **4. Patents**

- Introduction to Patent Law
- Paris Convention
- Patent Cooperation Treaty
- WTO- TRIPS
- Harmonisation of CBD and TRIPs

### **5. Indian Patent Law**

- An Overview
- Concept of Patent; Product / Process Patents & Terminology
- The Patents Act, 1970
- Amendments to the Patents Act
- Patentable Subject Matter
- Patentability Criteria
- Duration of Patents- Law and Policy Consideration
- Elements of Patentability- Novelty and Non Obviousness (Inventive Steps and Industrial Application
- Non- Patentable Subject Matter
- Procedure for Filing of Patent Application and types of Applications
- Procedure for Opposition
- Revocation of Patents
- Ownership and Maintenance of Patents
- Assignment and licensing of Patents
- Working of Patents- Compulsory Licensing
- Patent Agent- Qualification and Registration Procedure

## **6. Patent Databases & Patent Information System**

- Patent Offices in India
- Importance of Patent Information in Business Development
- Patent search through Internet
- Patent Databases

## **7. Preparation of Patent Documents**

- Lab Notebooks/Log Books/Record Books
- Methods of Invention Disclosures
- Patent Application and its Contents
- Writing of the Patent Document

## **8. Process for Examination of Patent Application**

- Publication of Patent Applications
- Request for Examination
- Process for Examination & Prosecution
- Reissue & Re-examination

## **9. Patent Infringement**

- Literal Infringement
- Doctrine of Equivalence and Doctrine of Colourable Variation
- Contributory Infringement
- Defences to Infringement including Experimental Use
- Inequitable Conduct
- Patent Misuse
- Legal Aspects (Act, Rules, and Procedures)

## **10. Recent Developments in Patent System**

- Software and Business Method
- Patenting in India & other Jurisdiction
- Patentable Inventions with Special Reference to Biotechnology Products entailing Creation of New Forms of Life

## **11. Trademarks**

- Introduction to Trademarks
- The rationale of protection of trademark as (a) an aspect of commercial and (b) of consumer rights
- Definition and concept of Trademarks



- Kinds of marks (brand names, logos, signatures, symbols, well known marks, certification marks and service marks)
- International Legal Instruments on Trademarks
- Indian Trademarks Law (The Trade and Merchandise Marks Act, 1958 and Trademarks Act, 1999)
- Non Registrable Trademarks
- Procedure for Registration of Trademarks
- Opposition Procedure
- Procedural Requirements of Protection of Trademarks
- Content of the Rights, Exhaustion of Rights
- Assignment/Transmission / Licensing of Trademarks
- Infringement of Trademarks and Right of Goodwill
- Passing off Action
- Offences and Penalties
- International Conventions- Madrid Protocol
- Domain Names – [Domain Names and Effects of New Technology (Internet) WIPO Internet Domain Name Process]

## 12. Copyrights

- Introduction to Copyright - Conceptual Basis
- International Protection of Copyright and Related Rights - An Overview (International Convention/ Treaties on Copyright)
- Nature of Copyright
- Indian Copyright Law
- The Copyright Act, 1957 with its amendments
- Copyright works
- Author & Ownership of Copyright
- Rights Conferred by Copyright
- Assignment, Transmission, Licensing of Copyrights
- Neighbouring Rights
- Infringement of Copyrights
- Remedies & Actions for Infringement of Copyrights
- Copyright Societies, Office, Board, Registration of Copyrights & Appeals
- International Conventions
- Copyright pertaining to Software/Internet and other Digital media
- Remedies, especially, possibility of Anton Pillar Injunctive Relief in India

### **13. Industrial Designs**

- Need for Protection of Industrial Designs
- Subject Matter of Protection and Requirements
- What is a Registrable Design
- What is not a Design
- Novelty &Originality
- Procedure for Registration of Designs
- Copyright under Design
- Assignment, Transmission, Licenses
- Procedure for Cancellation of Design
- Infringement
- Remedies

### **14. Geographical Indications**

- Geographical Indications - Concept of Appellations of Origin
- Indication of Source and Geographical Indication
- International Conventions/Agreements
- The Geographical Indications of Goods (Registration and Protection) Act, 2000
- Procedure for Registration, Duration of Protection and Renewal
- Infringement, Penalties and Remedies

### **15. Layout - Designs of Integrated Circuits**

- The Semiconductor Integrated Circuits
- Layout-Design Act, 2000
- Conditions and Procedure for Registration
- Duration and Effect of Registration
- Assignment and Transmission

### **16. The Protection of Plant Varieties and Farmers' Rights**

- The Protection of Plant Varieties and Farmer's Rights Act, 2001
- Protection of Plant Varieties and Farmers' Rights, Authority and Registry
- Registration of Plant Varieties and Essentially derived variety
- Duration, Effect of Registration and Benefit Sharing
- Surrender and revocation of Certificate
- Farmers' Rights
- Plant Varieties Protection Appellate Tribunal

- Infringement, Offences, Penalties and Procedure

## **17. Protection of Trade Secrets**

## **18. Key Business Concerns in Commercializing Intellectual Property Rights**

- Competition and Confidentiality Issues, Antitrust Laws
- Assignment of Intellectual Property Rights
- Technology Transfer Agreements
- Intellectual Property Issues in the Sale of Business
- Care & Maintenance of Confidential Information
- Legal Auditing of Intellectual Property
- Due Diligence of Intellectual Property Rights in a Corporate Transaction
- Management and Valuation of Intellectual Property

## **19. Case Laws, Case Studies and Practical Aspects**

# LESSON WISE SUMMARY

## INTELLECTUAL PROPERTY RIGHTS – LAWS AND PRACTICES

### Lesson 1 – Introduction

Over the decades, the scope of the subject of Intellectual Property Rights (IPR) has been expanded and grown to a great extent and has risen to a stature wherein it plays a major role in the development of the Global Economy. Since the early 1990s, many developed countries unilaterally strengthened their laws and regulations in this area, and many others were poised to do likewise. At the multilateral level also, the successful conclusion of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) in the World Trade Organization enhanced the protection and enforcement of IPRs to the level of solemn international commitment. The new global IPR system comes with both benefits as well as some costs.

The domain of Intellectual Property is vast. Its manifestation in the form of Copyright, Patent, Trademark and Design as some of the Intellectual Property Rights is very well known to have received recognition for a fairly long period of time. Newer forms of the protections are also emerging particularly stimulated by the exciting developments in scientific and technological activities.

This study lesson provides an in-depth understanding to the students about the various forms of the Intellectual Property Rights, its relevance and business impact in the changing global business environment. Besides this, the students will also be acclimatized with the leading International Instruments concerning Intellectual Property Rights.

### Lesson 2 – Types of Intellectual Property- Origin and Development- An Overview

As you are aware that the domain of intellectual property is quite vast. Among other domains of intellectual property, Copyrights, Patents Trademarks and Designs are known to have received recognition for a long time. Apart from this, newer forms of the protection are also emerging particularly stimulated by the exciting developments in scientific and technological activities.

In the light of the varied and diversified domains of the intellectual property, the study lesson aims to provide an in-depth understanding to the students about the various forms of the intellectual property, its relevance and business impact in the changing global business environment. Besides, the students will also be acclimatized with the leading International Instruments concerning Intellectual Property Rights.

### Lesson 3 – Role of International Institutions

Intellectual property has a dual nature, i.e. it has both a national and international dimension. The conduct of intellectual property as well as its protection both are governed by the national laws and regulations and international treaties, which jointly serves a consolidated set of Regulation of Intellectual Property Rights. In order to be homogeneous with the level of protection all over the world, we have leading international instruments and institutions.

This chapters aims at apprising the students about the leading International Instruments and International Institutions concerning Intellectual Property Rights and their impact in the Indian laws providing protection to intellectual Property Rights.

## **Lesson 4 - Patents**

Patent law is the branch of intellectual property law that deals with new inventions. Traditional patents protect tangible scientific inventions, such as circuit boards, car engines, heating coils, or zippers. However, over time patents have been used to protect a broader variety of inventions such as coding algorithms, business practices, or genetically modified organisms. Considering the significance of Patents and its positive image for the successful enterprises, there is a plethora of international treaties and national laws to regulate the process and operation of Patents worldwide. Under this background, this chapter briefly discusses, background of patent law in India along with few international treaties on patent including Patent Cooperation Treaty, TRIPs and Paris Convention.

## **Lesson 5 - Indian Patent Law**

Inventions arising from the creative work of human beings acquire considerable commercial value, in view of the possibility of their use by large sections of the society, not only within the country but also in other countries of the World.

Patent is one of the ways through which the scientific inventions which have a potential for industrial application are being protected and thus promoted. In India, however, very few scientific organizations and much less industries take adequate measures to protect their inventions by getting a Patent in respect of them.

In India, the law relating to Patents is contained in the Patents Act, 1970. This Act has been amended in the years 1995, 1999, 2002 and 2005 respectively to meet the challenges of changing times and also to meet India's obligations under the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) which forms a part of the Agreement establishing the World Trade Organization (WTO). The Patents Act, 1970 is now conceived as fully compliant with India's obligations under the TRIPS Agreement of the WTO. Further, as regards the Rules framed under the Act, earlier the Patents Rules, 1972, which were in place for close to three decades, were substituted by the Patents Rules, 2003. The Patents Rules, 2003 have also been amended in the years 2005, 2006, 2012, 2013, 2014, 2015, 2016 and 2017 respectively inter alia in order to keep them in line with the international trends and requirements.

The importance of Patents has increased tremendously over last few decades which is evident from the fact that every company is now creating its own strong Patent portfolio. It is thus important to know the advantages involved in getting a Patent and also as to how does the Patent benefit an Inventor.

The objective of this lesson is to develop amongst the students a greater awareness about the Patent law in India and spell out the procedural mechanism involved in obtaining a Patent, besides explaining the concepts of Assignment & Licensing of Patents and Compulsory Licensing.

## **Lesson 6 - Patent Databases and Patent Information System**

The Intellectual Property Office in India is dedicated to mobilize the use of technological advancement for socio-economic development, by creating the requisite IP culture. The Office of the Controller General of Patents, Designs & Trade Marks (CGPDTM) is responsible for the administration of Patents Act, 1970, Designs Act, 2000, The Trade Marks Act, 1999 and Geographical Indications of Goods (Registration and Protection) Act, 1999 through its Intellectual Property Offices located at Mumbai, Delhi, Kolkata, Chennai and Ahmedabad.

Patent information is more than just technological or legal information. When developing a new product, comparative technological information may determine the success or failure of the product and, in turn, the success or failure of the company itself.

An important step before filing a patent application is to conduct a patent search. A patent search is a search conducted in patent databases as well as in the literature available to check whether any invention similar to inventor's invention already exists.

Many national and regional patent offices provide free online access to their own patent collections as well as to selected patent documents from other offices. A number of commercial and non-profit service providers also offer free patent information databases online.

The study lesson familiarizes the students with the Intellectual Property Office in India; importance of patent information in business development; patent search and its importance, and the various databases available for conducting patent search.

### **Lesson 7 - Preparation for Patent Documents**

A laboratory notebook is an important tool that goes well beyond research management and can have important implications for issues ranging from intellectual property management to the prevention of fraud. Typically, governments award patents on either a first to file or first to invent basis. Therefore, it is important to keep and maintain records that help establish who is first to invent a particular invention.

Writing a high-quality patent application is important because it sets out in a clear fashion the terms by which the patent owner and others will be bound. There is no specific format as to how to prepare a patent document. It is worth having the application professionally prepared.

The students must know the importance of keeping the laboratory notebooks, how the disclosure of invention is to be made in the patent application and how to draft a patent application.

### **Lesson 8 - Process of Examination of Patent Application**

Before the grant, a Patent has to undergo a strong filtering as to eligibility for the grant of the patent. This requires a structured examination of the patent as provided in the law of the land. The process which is exclusive of its own channel, is a multi-stage process. For instance, the examination of a patent application by the Examiner and then subsequent processing by the Controller constitute one such filtering mechanism. In the Patent Office the invention as described in the specification is subjected to a comprehensive search in different databases to find out the appropriate prior arts for ascertaining novelty and inventiveness of an alleged invention during the process of examination as per provisions of the Act and Rules.

Henceforth, to apprise the students with the process and the examination of patent along with the ancillary procedures involved, chapter 8 aims at providing the detailed information on process of examination of patents along with the view point of judiciary in related matters.

### **Lesson 9 - Patent Infringement**

Patent infringement is the unauthorized making, using, offering for sale or selling any patented invention within India, or importing into India of any patented invention during the term of a patent.

Patent infringement occurs in every industry and the job of fighting patent infringement falls on the shoulders of the patent holder. When patent infringement happens, the patentee may sue for relief in the appropriate court. The patentee may ask the court for an injunction to prevent the continuation of the patent infringement and may also ask the court for an award of damages because of the patent infringement.

Patent infringement is a very complicated matter. It is important for the students to understand the legal aspects governing infringement, exceptions and defenses to infringement and the remedies available to the patent holder in the event of infringement.

### **Lesson 10 - Recent Developments in Patent System**

With the rapid advancement in science and technology, newer forms of intellectual property protection are emerging. Examples of such protection are seen in the efforts made to protect computer programmes and software, life forms particularly following developments in the biotechnology etc.

Patent laws of several countries favor patent protection for software innovation. Such countries include USA, Australia and Singapore, to name a few. However, many other countries which include India and European nations have more stringent laws concerning patent protection to software innovation. The Indian Patent Law does not contain any specific provision regarding the protection of computer software.

Biotechnology has been at the core of a number of important developments in the pharmaceutical, agrochemical, energy and environmental sectors. In particular, progress in the field of molecular biology, biotechnology and molecular medicine has highlighted the potential of biotechnology for the pharmaceutical industry.

The objective of the study lesson is to provide an understanding to the students about the patenting of software in India as well as the patenting of inventions in the domain of biotechnology.

### **Lesson 11 - Trademarks**

A trade mark provides protection to the owner of the mark by ensuring the exclusive right to use it, or to authorize another to use the same in return for payment. The period of protection varies, but a trademark can be renewed indefinitely beyond the time limit on payment of additional fees.

In a larger sense, trademarks promote initiative and enterprise worldwide by rewarding the owners of trademarks with recognition and financial profit. Trade mark protection also hinders the efforts of unfair competitors, such as counterfeiters, to use similar distinctive signs to market inferior or different products or services. The system enables people with skill and enterprise to produce and market goods and services in the fairest possible conditions, thereby facilitating international trade.

With the advent of WTO, the law of trade marks is now modernized under the Trade Marks Act of 1999 along with the Rules thereunder and is in harmony with two major international treaties on the subject, namely, The Paris Convention for Protection of Industrial Property and TRIPS Agreement.

Trademarks being an important aspect of the intellectual property, students need to be well versed with the conceptual and legal framework, and procedural requirements relating to trade marks.

### **Lesson 12 - Copyrights**

Copyright is a right given by the law to creators of literary, dramatic, musical and artistic works and producers of cinematograph films and sound recordings. Unlike the case with patents, copyright protects the expressions and not the ideas. There is no copyright in an idea.

Just as you would want to protect anything that you own, creators want to protect their works. Copyright ensures certain minimum safeguards of the rights of authors over their creations, thereby protecting and rewarding creativity.

Creativity being the keystone of progress, no civilized society can afford to ignore the basic requirement of encouraging the same. Economic and social development of a society is dependent on creativity. The protection provided by copyright to the efforts of writers, artists, designers, dramatists, musicians, architects and producers of sound recordings, cinematograph films and computer software, creates an atmosphere conducive to creativity, which induces them to create more and motivates others to create.

Often students are taught the value of original thinking and the importance of not plagiarizing the works of others. The objective of the study lesson is to make them realize the ethical/moral aspects involved in using materials protected by copyright, besides increase their knowledge and understanding of the copyright law as such, why copyright law exists and where it all started and the key changes that have occurred in the domain of copyright.

### **Lesson 13 - Industrial Designs**

Industrial design play an important role in the trading of consumer goods or products. Industrial designs are what

makes a product attractive and appealing; hence, they add to the commercial value of a product and increase its marketability. Today, industrial design has become an integral part of consumer culture where rival articles compete for consumer's attention. It has become important therefore, to grant to an original industrial design adequate protection. When an industrial design is protected, this helps to ensure a fair return on investment. An effective system of protection also benefits consumers and the public at large, by promoting fair competition and honest trade practices.

That apart, protecting industrial designs helps economic development, by encouraging creativity in the industrial and manufacturing sectors and contributes to the expansion of commercial activities and the export of national products.

Students should be well versed with the provisions of the design legislation in India so as to understand what an industrial design is; why to protect industrial designs; how can industrial designs be protected; and how extensive is industrial design protection. Besides, they should be well versed with the application filing procedure as required under the law.

#### **Lesson 14 - Geographical Indications**

A geographical indication is a sign used on goods that have a specific geographical origin and possess qualities, reputation or characteristics that are essentially attributable to that place of origin. Most commonly, a geographical indication includes the name of the place of origin of the goods. Agricultural products typically have qualities that derive from their place of production and are influenced by specific local factors, such as climate and soil.

Geographical indications are protected in accordance with international treaties and national laws. Under the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), there is no obligation for other countries to extend reciprocal protection unless a geographical indication is protected in the country of its origin. India, as a member of the World Trade Organization (WTO), enacted the Geographical Indications of Goods (Registration & Protection) Act, 1999.

It is important for the students to know the legal position relating to geographical indications of goods in India; why do geographical indications need protection and how geographical indications are protected; who are entitled for registration; which of the geographical indications cannot be registered; and when is a registered geographical indication said to be infringed etc.

#### **Lesson 15 - Layout - Designs of Integrated Circuits**

In modern technology, integrated circuits are essential elements for a wide range of electrical products, including articles of everyday use, such as watches, television sets, washing machines, and cars, as well as sophisticated computers, smart phones, and other digital devices.

With the advancement of this information technology, a new branch in the field of intellectual property flourished, called as the Layout-Design or the of the semiconductor integrated circuits. Hence, a step was taken by various organizations to pass regulations regarding this issue. One such was the World Trade Organization, and the result was the TRIPS agreement addressing the intellectual property related issues. India being a signatory of the WTO also passed an Act in conformity with the TRIPS agreement called the Semiconductor Integrated Circuits Layout-Design Act (SICLDA) passed in the year 2000. Considering the significance of semiconductors as a novel branch of intellectual property, this chapters aims at discussing the concept of Layout-Designs of Integrated Circuits along with the major provisions of Semiconductor Integrated Circuits Layout-Design Act, 2000

#### **Lesson 16 - The Protection of Plant Varieties and Farmers' Rights**

In the present era of liberalization, globalization and fast paced information technology, intellectual property



rights have emerged as a new global phenomenon. An efficient and effective IPR regime is one which balances individual incentives and benefits with the wider needs of the society, while, IPRs are a well- established institution in the manufacturing sector, their application to agriculture is still in a state of evolution. The key issue in the agricultural sector is, quite simply, that some agricultural innovations are imperfectly appropriable. This imperfect appropriability may reduce innovators' incentive to invest in the improvement of such crops.

Several forms of IPRs employed in the sector of agriculture attempts to address this issue. Here it is relevant to mention the prevalent legal mechanisms including patents, plant varieties protection, trademarks, trade secrecy rights and plant breeders' rights.

India is among the first countries in the world to have passed legislation granting farmers' rights in the form of the Plant Varieties Protection and Farmers' Rights Act, 2001 (PVPFR). India's law is unique in that it simultaneously aims to protect both farmers' and breeders' rights. The Indian case assumes immense importance due to the country's lead in establishing a legal framework on Farmers' Rights and also significant as the Indian Gene Centre is recognized for its native wealth of plant genetic resources.

As we have dedicated legislation in the form of The Protection of Plant Varieties and Farmer's Rights Act, 2000, which works as effective legal system for the protection of plant varieties, the rights of farmers and plant breeders and to encourage the development of new varieties of plants, this chapter aims at apprising the students with each and every minute detail of the Act in order to assist in the effective implementation of the Plant Varieties Act to recognize and protect the rights of the farmers in respect of their contribution made at any time in conserving, improving and making available plant genetic resources for the development of new plant varieties.

### **Lesson 17 - Protection of Trade Secrets**

Knowledge is what happens to information when human ingenuity is applied to it. Information alone does not confer competitive advantage. Knowledge does. It is human ingenuity that turns information into knowledge and gives it value. And it is this knowledge that is the underlying value of the intellectual property or capital of an organization—its relationships, know-how, confidential business information and trade secrets.

Today more than ever, intellectual property also includes confidential business information, trade secrets, know-how and key business relationships. The various statutes that have been enacted provide an adequate mechanism of protection to intellectual property rights. However, some ideas cannot be patented and indeed, some innovators do not want to patent their ideas as for instance trade secret or confidential information. If a trade secret is really kept a secret, the monopoly on an idea or product may never end. Once the information is leaked and goes into the public domain, it is lost forever.

Too often, beyond applying for patents on new inventions or trademarks on new brands, little real attention is paid to protecting or securing this less formal type of intellectual property and consequently the information goes into the hands of the rival competitors of the business enterprises. The study lesson explains the importance of trade secrets to the business enterprises whether small, medium or large and why this key strategic asset needs to be protected

### **Lesson 18 - Key Business Concerns in Commercializing Intellectual Property Rights**

Effective management of intellectual property enables companies to use their intellectual property rights to improve their competitiveness and strategic advantage. Acquiring intellectual property protection no doubt is crucial, but its effective management provides much more than just protection to an enterprise's inventions, trademarks, designs, copyright or other allied rights.

Exploitation of intellectual property rights can take many forms, ranging from outright sale of an asset, a joint venture or a licensing agreement. Inevitably, exploitation increases the risk assessment.

Valuation is, essentially, a bringing together of the economic concept of value and the legal concept of property. The presence of an asset is a function of its ability to generate a return and the discount rate applied to that return.

Acceptable methods for the valuation of identifiable intangible assets and intellectual property fall into three broad categories. They are market based, cost based, or based on estimates of past and future economic benefits.

The study lesson provides an exposure to the students about the management and valuation of intellectual property assets.

### **Lesson 19 - Case Laws, Case Studies and Practical Aspects**

In order to apprise the students, with the applied issue of Intellectual Property Rights and its protection in the legal regime in India, the chapter aims providing the gist of some leading case laws related to various parts of Intellectual Property. It also provides a glimpse of practical aspects of the intellectual property and its protection with the discussion of a case study too.

## LIST OF RECOMMENDED BOOKS

### INTELLECTUAL PROPERTY RIGHTS – LAWS AND PRACTICES

1. Relevant Bare Act
2. Aswani Kumar Bansal Law of Trademarks in India
3. B L Wadehra Law Relating to Patents, Trademarks, Copyright, Designs and Geographical Indications.
4. G.V.G Krishnamurthy The Law of Trademarks, Copyright, Patents And Design.
5. Satyawrat Ponkse The Management of Intellectual Property.
6. S K Roy Chaudhary & H K Saharay The Law of Trademarks, Copyright, Patents and Design.  
Legal Aspects of Technology Transfer: A Conspectus
7. Office of the Controller General of Patents, Designs & Trade (CGPDTM) Manual of Geographical Indications Practice and Procedure
8. Office of the Controller General of Patents, Designs & Trade (CGPDTM) Manual of Patent Office Practice and Procedure
9. Office of the Controller General of Patents, Designs & Trade (CGPDTM) Manual of Designs Practice and Procedure
10. Office of the Controller General of Patents, Designs & Trade (CGPDTM) Revised Draft Manual of Trademarks Practice and Procedure
11. Office of the Controller General of Patents, Designs & Trade (CGPDTM) Trade Marks Agents
12. WIPO WIPO Guide to Using Patent Information
13. WIPO Intellectual Property (IP) Audit
14. WIPO WIPO Patent Drafting Manual
15. WIPO The Value of Intellectual Property, Intangible Assets and Goodwill

#### Journals

16. Journal of Intellectual Property Rights
17. e-Bulletin The ICSI, New Delhi-110 003.
18. Chartered Secretary (Monthly) The ICSI, New Delhi-110 003.
19. All India Reporter All India Reporter Ltd., Congress Nagar, Nagpur

#### Other References

20. OECD Report on Patents and Economic Performance

21. IPR & Technology Bulletin ([www.psa.co.za](http://www.psa.co.za) )
22. Protecting Your Intellectual Property from Competitors ([www.progressmedia.ca](http://www.progressmedia.ca))
23. Patentability of Software in India - (Lex Orbis)
24. <http://www.ipindia.nic.in/acts-patents.htm>
25. <http://www.unesco.org/new/en/unesco/>

Note:

1. Students are advised to read the above journals for updating the knowledge.
2. Students are advised to read/refer the latest editions of the recommended books.
3. Students are also advised to read legal glossary/legal terms given in Appendix.

# ARRANGEMENT OF STUDY LESSON

Module-3 Elective Paper-9.3

## INTELLECTUAL PROPERTY RIGHTS – LAWS AND PRACTICES

<b>S.No.</b>	<b>Lesson Tittle</b>
1.	Introduction
2.	Types of Intellectual Property- Origin and Development - An Overview
3.	Role of International Institutions
4.	Patents
5.	Indian Patent Law
6.	Patent Databases & Patent Information System
7.	Preparation of Patent Documents
8.	Process for Examination of Patent Application
9.	Patent Infringement
10.	Recent Developments in Patent System
11.	Trademarks
12.	Copyrights
13.	Industrial Designs
14.	Geographical Indications
15.	Layout - Designs of Integrated Circuits
16.	The Protection of Plant Varieties and Farmers' Rights
17.	Protection of Trade Secrets
18.	Key Business Concerns in Commercializing Intellectual Property Rights
19.	Case Laws, Case Studies and Practical Aspects

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# Lesson 1

## Introduction

### LESSON OUTLINE

- Concept of Property vis-à-vis Intellectual Property
- Concept of Property and Theories of Property – An Overview
- Theories of Intellectual Property Rights
- Meaning, Relevance, Business Impact, Protection of Intellectual Property
- Intellectual Property as an Instrument of Development
- Need for Protecting Intellectual Property
- Policy Consideration
- National and International Perspectives
- Competing Rationales for Protection of Intellectual Property Rights
- Intellectual Property Rights as Human Right
- Determining Financial Value of Intellectual Property Rights
- Negotiating Payments Terms in Intellectual Property Transaction
- Intellectual Property Rights in the Cyber World
- Lesson Round-Up
- Self-Test Questions

### LEARNING OBJECTIVES

Over the decades, the scope of the subject of Intellectual Property Rights (IPR) has been expanded and grown to a great extent and has risen to a stature wherein it plays a major role in the development of the Global Economy. Since the early 1990s, many developed countries unilaterally strengthened their laws and regulations in this area, and many others were poised to do likewise. At the multilateral level also, the successful conclusion of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) in the World Trade Organization enhanced the protection and enforcement of IPRs to the level of solemn international commitment. The new global IPR system comes with both benefits as well as some costs.

The domain of Intellectual Property is vast. Its manifestation in the form of Copyright, Patent, Trademark and Design as some of the Intellectual Property Rights is very well known to have received recognition for a fairly long period of time. Newer forms of the protections are also emerging particularly stimulated by the exciting developments in scientific and technological activities.

This study lesson provides an in-depth understanding to the students about the various forms of the Intellectual Property Rights, its relevance and business impact in the changing global business environment. Besides this, the students will also be acclimatized with the leading International Instruments concerning Intellectual Property Rights.

## CONCEPT OF PROPERTY VIS-À-VIS INTELLECTUAL PROPERTY

Human Beings are distinguished from animals by the intellectual capability endowed on them by the Almighty. The Human Beings have thus elevated themselves to the present 'Civilized State' solely on account of exercise of their intellectual capabilities.

The property which comes into existence by application of human intellect is termed as Intellectual Property. It is product of

- 1) Intellectual Capabilities and
- 2) Labour

Intellectual Property relates to information which can be incorporated in tangible objects and reproduced in different locations. For Example, Patents, Designs, Trade Marks and Copyright. The rights accrued on the owner of such property (Intellectual Property) are termed as Intellectual Property Rights (IPR).

As stated above, Intellectual Property (IP) refers to the creations of the human mind, like inventions, literary and artistic works, and symbols, names, images and designs used in commerce. It can be divided into two categories:-

1. Industrial property, which includes inventions (patents), trademarks, industrial designs, and geographic indications of source; and
2. Copyright, which includes literary and artistic works such as novels, poems and plays, films, musical works, artistic works, such as, drawings, paintings, photographs and sculptures, and architectural designs. Rights related to copyright include those of performing artists in their performances, producers of phonograms in their recordings, and those of broadcasters in their radio and television programs.

Intellectual property rights protect the interests of creators by giving them property rights over their creations.

The most noticeable distinction between Intellectual Property and other forms of properties is that:-

Intellectual Property is intangible, that is, it cannot be defined or identified by its own physical parameters. It must be expressed in some discernible way to be protectable. Generally, it encompasses four separate and distinct types of intangible properties, namely

- a) Patent
- b) Trademark
- c) Copyright and
- d) Trade Secret,

which collectively are referred to as "Intellectual Property."

However, the scope and definition of Intellectual Property is constantly evolving with the inclusion of newer forms under the ambit of Intellectual Property. In recent times,

- a) Geographical Indications
- b) Protection of plant varieties
- c) Protection for semi-conductors and integrated circuits, and
- d) Undisclosed Information



have been brought under the umbrella of Intellectual Property.

Intellectual Property Rights are like any other property rights. They allow the creators (or owners) of Patents, Trademarks or Copyrighted works (as the case may be) to benefit from their own respective work or investment in a creation. These rights are outlined in Article 27 of the Universal Declaration of Human Rights, which provides for the right to benefit from the protection of moral and material interests resulting from authorship of scientific, literary or artistic productions. The importance of Intellectual Property was first recognized in the Paris Convention for the Protection of Industrial Property (1883) and the Berne Convention for the Protection of Literary and Artistic Works (1886). Both treaties are administered by the World Intellectual Property Organization (WIPO).

In short, Property Rights in ideas are no different than the ownership of houses, cars and other forms of private property. The rhetoric it builds upon seems convincing at first i.e. you ought to be the exclusive owner of your idea to have the incentive to develop it, the very same way you ought to be the exclusive owner of your land to have incentive to develop it.

## CONCEPT OF PROPERTY AND THEORIES OF PROPERTY – AN OVERVIEW

The term “property” signifies the subject matter over which the right of ownership or any less right carved out of ownership is exercised. It has a very wide connotation, it not only includes money and other tangible objects of some value, but it also includes the intangible rights which are considered to be a source or an element of income or wealth. It includes the rights and interests which a human possesses over land (and chattel) and which is to the exclusion of all others. It is the right to enjoy and to dispose of certain things in the way that he pleases to, provided that such use is not prohibited by law. However, there are certain things over which property rights by any single individual (or an entity) cannot be exercised. This includes the sea, the air and the like as they cannot be appropriated. Everyone has a right to enjoy them, but no one has an exclusive right over them.

It is clear, thus, that in case of personal property no person other than its owner, who has an exclusive right over it, can claim any right to use it, or to hinder the owner from disposing it of, so that the property which is considered as an exclusive right over things, contains not only a right to use, but also a right to dispose of such property.

Property can be classified into

a) Real property

The property which is fixed permanently to one location is termed as real property. Real property includes within its ambit land, any construction on the land, things growing on the land or existing under the face of land.

b) Personal property.

Personal property is a property belonging to person and in case of personal property no person other than its owner, who has an exclusive right over it, can claim any right to use it, or to hinder the owner from disposing it of, so that the property which is considered as an exclusive right over things, contains not only a right to use, but also a right to dispose of such property.

Property can also be divided into

a) Absolute property

Absolute property is the one which is owned without any qualification or restriction whatsoever. In case

#### 4 PP-IPRL&P

of sale the moment sale deed is executed the transferee becomes absolute owner of the property.

##### b) Qualified property

A qualified property consists of special, conditional or interest upon the subject matter. The owner of the qualified property lacks the complete bundle or sets of right bestowed upon the absolute owner. Rights of bailee are one of the suitable examples related to qualified property.

Property can further be divided into

##### a) Corporeal

A corporeal property signifies a property which is perceptible to the senses, such as, land, house, goods, merchandise and the like.

##### b) Incorporeal property.

Incorporeal property consists of legal rights, as choses-in-action, easements, and the like.

As regards standard definition of the term property, there are different definitions of the term 'Property' provided in different statutes in India. For instance

Section 2(c) of the Benami Transactions (Prohibition) Act, 1988 defines Property as, "Property means property of any kind, whether movable or immovable, tangible or intangible, and includes any right or interest in such property."

Section 2(11) of the Sale of Goods Act, 1930 defines 'Property' as, "Property means the general property in goods, and not merely a special property."

### Theories of Property

Different theories laid down on the subject of concept of "Property" are as follows:

- (a) Historical Theory of Property;
- (b) Labour Theory (Spencer);
- (c) Psychological Theory (Bentham);
- (d) Functional Theory (Jenks, Laski);
- (e) Metaphysical Theory
- (f) Philosophical Theories (Property as a means to Ethnical Ends and Property as an End in itself).

#### a) Historical Theory

Historical theory of the origin of the property was propounded by Bentham and Henry Maine was well known supporter of the this theory According to the Historical theory of Property, the concept of Private Property grew out of joint property. It has following main features

- i) Private property has witnessed slow and steady growth
- ii) It grew out of collective or joint property
- iii) First stage of development consisted of natural possession
- iv) Second stage of development resulted in juristic possession
- v) Final and last stage of development lead to evolution of concept of ownership

In the words of Henry Maine, “Private Property was chiefly formed by the gradual disentanglement of the separate rights of individual from the blended rights of the community”. In the earlier days, the ownership rights over property were vested in large societies which were chiefly Patriarchal societies. However, with the disintegration of societies and families, there was a gradual evolution of the concept of individual rights. Roscoe Pound in his theory has also pointed out the fact that the earliest form of property was in the nature of group property and it was later on when families partitioned that the existence of individual property came to be recognised.

#### **b) Labour Theory (Spencer)**

This theory of property is also known as ‘Positive Theory’ was propounded by Spencer. The underlying principle basis of this theory is that labour of the individuals is the foundation of property. The theory advocates that, a thing (res) is a property and it belongs to the person who takes the pain of bringing into existence. Spencer, who developed the theory on the principle of ‘equal freedom’ has stated that property is the result of individual labour, and therefore, no person has a moral right to property which he has not acquired by his personal effort.

#### **c) Psychological Theory (Bentham)**

Bentham propounded this theory. According to this theory, Property came into existence on account of the acquisitive instinct of the human beings. Every individual has a desire to own and have into his possession things which is the factor responsible for bringing Property into existence. According to Bentham, Property is altogether a conception of mind and thus it is nothing more than an expectation to derive certain advantages from the object according to one’s capacity.

Roscoe Pound also supports Bentham on this school of thought and has observed that the sole basis of conception of Property is the acquisitive instinct of individual which motivates him to assert his claim over objects in his possession and control.

#### **d) The Sociological Theory / Functional Theory (Jenks and Laski)**

This theory is also known as the ‘sociological theory of property’. It assumes that the concept of Property should not only be confined to private rights, but it should be considered as a social institution securing maximum interests of society. Property is situated in the society and has to be used in the society itself.

According to Jenks, no one can be allowed to have an unrestricted use of his property, to the detriment to others. He thus states that the use of property should conform to the rules of reason and welfare of the community.

According to Laski, who also supports this school of thought, Property is a social fact like any other, and it is the character of social facts to alter. Property has further assumed varied aspects and is capable of changing further with the changing norms of society.

#### **e) The Metaphysical Theory**

Kant and Hegel propounded this theory. According to Kant “A thing is rightfully mine when I am so connected with it that anyone who uses without my consent does me an injury. “According to Hegel, “property is the objective manifestation of the personality of an individual. In other words property in an object on which person has liberty to direct his will”. Kant observed that law of property does not merely seek to protect possessions where there is an actual physical relation between the possessor and the object, but it goes beyond and considers the personal will of the individual more important in the concept of the property.

#### **f) Property is the creation of the State**

The origin of ‘Property’ is to be traced back to the origin of ‘Law’ and the ‘State’. Jenks observed that Property

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and Law were born together and would die together. It means that Property came into existence when the State framed Laws. As per this theory, Property was non-existent before Law.

According to Rousseau, 'it was to convert possession into property and usurpation into a right that Law and State were founded.' The first who enclosed a piece of land and said – this is mine – he was the founder of real society. He insisted on the fact that property is nothing but a systematic expression of degrees and forms of control, use and enjoyment of things by persons that are recognised and protected by law. Thus, the conclusion is that property was a creation of the State.

### **Philosophical Theories (Property as a means to Ethical Ends)**

In the views of Aristotle, Hegal and Green, Property has never been treated as an end, but always as a means to some other end. According to Aristotle, it may be a means to the end of Good Life of citizens. In the views of Hegal and Green, it may be a means to the fulfillment of the Will without which individuals are not full human. According to Rousseau, Jefferson, Friendman, it may be a means as a pre-requisite of individual freedom seen as a human essence. The supporters of utilitarian tradition treat, accumulation of property as, an end, always meant as a right of unlimited accumulations. Later the concept changed and the utilitarian Bentham held that ultimate end to which all social arrangements should be directed is maximization of the aggregate utility i.e. pleasure minus pain of the members of the society.

### **Tangible and Intangible Property**

#### **Tangible Property**

The term 'Tangible property' refers to any type of physical property that can generally be moved (i.e., it is not attached to real property or land), touched or felt. It generally includes items such as furniture, clothing, jewellery, art, writings, household goods etc.

#### **Intangible Property**

Intangible property on the other hand refers to some personal property that cannot actually be moved, touched or felt, but instead it represents something of value, such as, negotiable instruments, securities, service and intangible assets, including goodwill etc.

#### **Intellectual Property**

Intellectual property is a property which comes into existence by application of human intellect. It is referred as as "Bauddhik sampada " in the Indian Context. Bauddhik means related to buddhi or intellect and word sampada means property . When word buddhi gets combined with sampada it amounts to bauddhik Sampada.

The person who is owner of Intellectual property is provided bundle of rights related to the property which has come into existence by application of his intellect. These rights collectively are termed as intellectual Property rights.

Intellectual Property is a term which refers to and indicates a number of distinct types of creations of the mind for which law confers certain property rights upon its creator. The jurisprudence developed on the concept of 'Property' has made it abundantly clear that property does not just encompass tangible things, like a house, a car, furniture, currency, investment etc and that these assets are not the only kind of property which are subject matter of protection by law. There are many other forms of intangible properties which are known with the term 'intellectual property' that have been recognised by the law and thus granted protection against any kind of infringement by a person other than its rightful owner or a person authorised by such rightful owner.

Under the Intellectual Property Law, the owners of such intangible property have been granted and conferred with certain exclusive rights over their respective intangible assets/works, these include, musical, literary and artistic works; discoveries and inventions; and words, phrases, symbols, and designs, etc. Patent, Trademark, Copyright, and Designs rights are the broad four main categories of intellectual properties, though the domain of such assets is expanding with the passage of time.

Exclusive rights are provided to the owners as a reward of the intellect, time, money, skill etc. they used for creation of intellectual property.

### **Patents**

Necessity is mother of invention and inventions are need of hour. The person who invents something having industrial application is granted Patent on the invention. Intellectual Property right related to patents provides bundle of rights related to the invention including the right to use, assign etc. Patents are conferred in order to grant protection to certain new products, processes, apparatus, etc. provided the invention involved in it is non-obvious in nature in light of what already exists or has already been done before, it is not in public domain, and has not been disclosed anywhere in the world at the time of the application for grant of patent. The invention involved must have a utility i.e. a practical purpose. Patents are territory specific and thus are registrable nationally. However, the Patents granted by European Patent Office is regarded as a 'bundle' of national Patents. Also, there is not yet any single EU-wide patent system which exists till date. Registration of patent provides its owner the right to prevent anyone else (other than the licensed user) from making, using, selling, or importing the invention for 20 years from the date of grant of patent. Patents are enforced by court proceedings.

### **Trade Marks**

A symbol in the form of a logo, words, shapes, jingles etc. which is employed to provide the product(s) or service(s) with a recognizable identity to distinguish them from the competing products is called as a Trade Mark. Trade Marks help in protecting the distinctive identification which make up the marketing identity of a brand. They can be registered by its founder/user nationally as well as internationally, thus enabling him to use such mark on his products along with the symbol ® which reflects the registration status of the symbol. Trade mark rights can be enforced through court proceedings wherein relief in the form of injunction and/or damages are available. In cases wherein there is an element of counterfeit, the state authorities like the Customs Department, the Police, and even the Consumer Protection Agencies can be approached to assist and provide relief in such cases. An unregistrable trade mark however is symbolised by the use of the letters 'TM' to be used along with the mark. To enforce one's right in respect of such unregistered trade mark in the court of law in case the competitor uses the same or a similar mark to trade his products in the same or a similar field, one has to prove that he/she has put to use such mark prior to the other person against whom the proceedings are brought about.

### **Copyright**

Copyright is used to protect works like original creative works, published articles, sound recordings, films, and broadcasts. The right exists independent of the medium on which the work is recorded, and therefore buying a copy thereof does not confer a right to copy the work. Limited copying in the form of photocopying, scanning, and downloading without permission of the copyright owner is however permissible but only for research activities. Further, publication of excerpts or quotes from the work requires a due acknowledgement of the source from which such excerpts or quotes have been taken. However, a mere idea is outside the domain of the protection of copyright and thus a mere idea cannot be copyrighted, i.e., only the expression of the idea.

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Copyright also does not exist for a title, slogan or a phrase, although all these can be registered as a trade mark. Copyright extends to the internet medium as well like the matter published through web pages which are protected by the copyright law, such that permission is required before copying the matter contained therein or even to insert a hyperlink to it.

Unlike many other Intellectual Property Rights, Copyright is not necessarily registrable and it arises automatically upon creation of the work itself. Further, Copyright can be enforced through the court of law.

### Design Registration

Registration of a Design helps in protecting the products which can be distinguished by their mere novel shape or pattern. However, the requirement for registration is that such design itself must be new and thus the element of novelty is of the essence for design registration. Design is registrable both nationally as well as under the EU-wide single registration. Such a right can also be protected through the copyright. Thus, from the aforementioned it is clear that the concept of property is in existence from very ancient period. The concept itself has a very long history and thus many philosophers/thinkers have put down their views on the subject in the form of different schools of thought. These thinkers include philosophers like Bentham, Laski etc. Their philosophies are very helpful and also indispensable to make one understand different aspects of the concept of property. Under the Transfer of Property Act, 1882 which is considered to be the most elaborate statute on the subject of Property does not contain a definition of the term 'Property' itself.

In today's era, not only the things which can be seen or touched but also the things which cannot be touched or seen come within the purview of the term 'property'. This includes ideas, innovation, composition etc. These properties are known as intellectual property.

### Theories of Intellectual Property Rights

The term "intellectual property rights law" is a very broad term and it now includes and refers to a cluster of legal doctrines that regulate the uses of different sorts of ideas and insignia.

- i) The law of copyright protects different forms of expression which are original, including those contained in novels, movies, musical compositions, and computer software programs.
- ii) Patent law on the other hand protects different kinds of inventions as also some discoveries provided it satisfies the essential conditions for a Patent.
- iii) The Trademark law is framed to protect 'words', 'symbols' etc. that help the consumers identify and distinguish the goods and services of different manufacturers and service providers.
- iv) The Trade-secrets law which is a fairly new branch of Intellectual Property Rights law is intended to protect commercially valuable information for instance, soft-drink formulas, confidential marketing strategies, etc. that the companies would like to conceal and protect from their competitors.

The revenues of many businesses now depend substantially on the Intellectual Property that they possess and the steps that they adopt to protect them. Increasing number legal professionals are also specializing in this particular branch of law. Further, the legislatures around the world are also busy in framing and revising their intellectual property laws. As a result of these emerging trends, scholarly interest in this particular field of law has risen dramatically in the recent years.

Law reviews and journals as also those related to the subject of economics and philosophy, are increasingly focusing on including articles deploying "theories" of intellectual property.

There are many writings which have commented upon the differences and the contest amongst the four

approaches.

### **a) Utilitarian Theory**

Utilitarian Theory has been advocated by economist such as Bentham and Mill and its primary focus is upon attainment of greatest good for greatest number. It says that the any policy made and implemented by any authority should have power of ensuring greatest good for greatest number. Greatest good here refers to utmost welfare and greatest number refers to masses.

The utilitarian guideline says that:-

- a) Lawmakers' beacon when shaping property rights should be the "maximization of net social welfare". This is essentially the utilitarian thought.
- b) In respect of the subject of intellectual property, the school of thought, requires that the lawmakers must strike an optimal balance between, the power of exclusive rights to stimulate the creation of inventions and works of art on the one hand, and, the partially offsetting tendency of such rights to curtail widespread public enjoyment of those creations, on the other.
- c) The danger expressed in respect of this theory is that the creators of such products will be unable to recoup their "costs of expression" i.e. the time and effort devoted by them to writing or composing and the costs of negotiating with publishers or record companies, since copyists are likely to undercut them and persons bear a very low cost of production and thus they can offer identical products to the consumers at a very low price resulting in a loss to the creators of the products.
- d) If this happens it will disincentivise the creators from making any socially valuable intellectual product.
- e) This can however be avoided by allocating to the creators (for limited times) the exclusive right to make copies of their creations. The creators of works that are valuable to the consumers will be empowered to charge prices (for allowing anyone to access to their works) which shall be substantially greater than they could in a competitive market. This rationale put forward by the utilitarian thinkers has been used to shape specific doctrines within the field.

### **b) Natural Right Theory / Labour Theory ( Locke's Theory)**

The Natural Right Theory emanates from the proposition that "a person who labors upon resources that are either un-owned or "held in common" has a natural property right to the fruits of his or her efforts and that the state has a duty to respect and enforce that natural right". This idea has been elaborated in the writings of John Locke and is also applicable to the subject of intellectual property, wherein the raw materials in the form of facts and concepts do seem in some sense to be "held in common" and where labor contributes substantially to the value of the finished product. Lockean property entitlements

- a) Right to use without harm
- b) Right to transfer the property
- c) Right of exclusive usage of the property

### **c) Personality Theory**

Personality theory finding place in the writings of Kant and Hegel is that private property rights are crucial to the satisfaction of some fundamental human needs. The law makers thus must create and allocate entitlements to resources in a way that best enables people to satisfy such needs. From this perspective, Intellectual Property Rights may be justified either on the ground that they shield from appropriation or modification artifacts through



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which authors and artists have expressed their “wills” (an activity thought central to “personhood”).

Justin Hughes, taking inspiration from Hegel’s Philosophy of Right, laid down following guidelines concerning the proper shape of an Intellectual Property regime (See Hughes, “Philosophy of Intellectual Property”):

- (a) We should be more willing to accord legal protection to the fruits of highly expressive intellectual activities, such as the writing of novels, than to the fruits of less expressive activities, such as genetic research.
- (b) Because a person’s “persona” -- his “public image, including his physical features, mannerisms, and history” -- is an important “receptacle for personality,” it deserves generous legal protection, despite the fact that ordinarily it does not result from labor.
- (c) Authors and inventors should be permitted to earn respect, honor, admiration, and money from the public by selling or giving away copies of their works, but should not be permitted to surrender their right to prevent others from mutilating or misattributing their works.

### **d) Achievement of just and attractive culture theory**

The fourth approach is based on the proposition that property rights, in general, and intellectual property rights, in particular, can and should be shaped with the objective to help achieve a just and attractive culture.

The approach has some similarities with the utilitarianism, but does not agree to deploy a vision for a society richer than the conceptions of “social welfare” deployed by utilitarians.

An appropriate illustration can be found in Neil Netanel’s essay, titled as “Copyright and a Democratic Civil Society.” Netanel begins by describing a picture of “a robust, participatory, and pluralist civil society,” collaborating with “unions, churches, political and social movements, civic and neighborhood associations, schools of thought, and educational institutions.” In such a world described, all persons would enjoy some degree of financial independence coupled with considerable responsibility in shaping their local social and economic environments. Such a civil society is vital, Netanel claims, to the perpetuation of democratic political institutions. Such a society shall not, however, emerge spontaneously; it has to be nourished by the Government.

## **Meaning, Relevance, Business Impact and Protection of Intellectual Property**

In today’s competitive world ‘Innovation’ is the buzz word and is the main requirement for the survival of every business. Identifying, developing, and leveraging innovations provide a competitive edge to the business and it aids in its long-term success as well. There is a misnomer that Intellectual property is limited to technology companies. However, the fact is that it is a necessity and is very much valuable for every business which invests huge sums in its research and development programmes in order to create new and useful indigenous products and services.

Thus, a company ought to be proactive in implementing its IP solutions to identify novel innovations, and thus increase its revenues. A well-defined IP goal not only helps in achieving business objectives but also helps in positioning the company/organisation as a business leader in the marketplace. With growth in its business revenues, company’s IP strategy can include protection of certain unique aspects of its assets which may also result in fostering innovations to explore new geographies. This can be achieved through licensing or joint ventures to create novel solutions and that satisfy the unmet needs of the society.

There is also a need for a company to evaluate its existing Intellectual Property in order to ensure that it is in line with its business objectives. Such an activity helps the company to identify new ways to leverage the Intellectual Property through licensing opportunities available to it. Companies must always be on a lookout for some new



avenues to expand their product offerings, increase their sales revenue, and foray into new markets.

It is a well-known fact that an organization's success largely depends upon its Patent portfolio apart from various other Intellectual Property assets, such as, designs, trademarks, and copyrights. Thus, every organization must ensure maximisation of its intellectual property portfolio which can be done through effective portfolio management policy. Furthermore, an organization must also understand its patent portfolio in tandem with its competencies and opportunities available in the market. There is a necessity to identify areas wherein the organization can license its patent portfolio or otherwise divest to gain some financial returns. A coherent and properly implemented patent strategy can aid the organization to manage its patent portfolio. To list a few points which an organisation ought to ponder while framing and implementing its Patent portfolio:

- (a) Identify the Patents held by the organization.
- (b) Identify the gaps (white space analysis).
- (c) Framing of an investment strategy that helps the organisation to enhance its Patent Portfolio.
- (d) Develop ways to effectively manage and develop the patent portfolio?

An effective understanding of the key components of a Patent can also help an organization manage and grow its patent portfolio. It is critical to understand the Patent landscape which starts with conducting an audit of organization's intellectual property assets. An effective market research is involved in understanding the strength of the patent portfolio in light of the competition and technology available on date. With an understanding of its patent portfolio, an organization must also identify the white spaces to drive more growth and revenues. Some of the points which an organisation must ask itself while carrying out white gap analysis are as follows:

- (a) What are the areas wherein it can invest its research and development fund in order to build an effective patent portfolio?
- (b) What are the areas wherein it can draw a competitive advantage by granting license?
- (c) Does the technology pose a threat from the competition?
- (d) What are the possibilities for a merger or acquisition?

Out-licensing patented technologies is an essential part of an Organisation's strategy to effectively manage its IP and draw more revenues from it. Therefore, an organization must conduct its patent analysis in order to identify the technology and exploit it further for licensing. Needless to say that a detailed patent analysis helps an organisation identify opportunities for out-licensing the technology and potential infringement issues.

### **Building a strong Patent portfolio**

The IP strong portfolio of a company acts not only as a shield but also as a sword. It helps in protecting company's innovations to drive long term revenues and improve market position. Thus, safeguarding its intellectual property is very critical for every organisation and the same cannot be overlooked or its importance undermined. Intellectual property helps an organisation develop and maintain its long-term revenue streams and also increases its shareholder's value.

Innovations are crucial for the success of every business and they can be patented in order to ensure that the competitor is prevented from exploiting the invention during the patent period. One of the many ways available to protect one's innovation is to file a patent for it. A patent is in the form of grant of an exclusive right to commercially exploit an inventor which is granted by the Patents Office. Generally, the term of a patent is 20 years from the date of filing of the application. The right conferred by Patent is not only to commercially exploit the invention, but also to exclude others from making, using, and selling the invention in the country where the

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protection is sought. Once granted a Patent, the Patentee i.e. the Patent owner can grant licences to others allowing them to make use of invention and sell the products made of it.

As already demonstrated above, innovations are very crucial and important for the long-term financial success of any business. It makes an organization more competitive than its competitors. Thus, the Organizations need to appreciate and comprehend the importance of building a strong intellectual property portfolio and use it effectively to devise effective business strategies in order to achieve long term success in the marketplace. Building a strong IP portfolio helps the organizations to market their product or services to the customers

In order to remain ahead in the competition, the entrepreneurs/innovators must strive to continue to evolve their product portfolio and maintain consistent quality of their products and services. An effective use of intellectual property also prevents any competitor in that particular business or industry from taking any undue advantage of its goodwill in the marketplace. Without a protection of such kind, the innovators and entrepreneurs can't reap benefits of their inventions and would thus not be incentivised to focus on research and development activities. Intellectual property rights help the innovators at every stage of the business development, competition, and expansion strategy.

Conferment of exclusive rights under different forms of IPs provides an incentive for the innovations taking place in diverse industries, especially the technology space. The growth witnessed in the recognition and importance of technology innovations has made everyone realize that there is a need to create a strong IP system. A strong and effective IP system helps the nation encourage free flow of information and technology. Thus, IP plays a very important role in encouraging the inventors by rewarding them for their ideas, and thus driving productive growth. IP rights provide an incentive to the innovator to exploit and commercialize their innovations in the marketplace.

The whole process leads ultimately to more innovations and improvement in the existing technology. Therefore, the organizations are increasingly realizing the importance of Intellectual Property assets as it involves a significant percentage of company's valuation during the processes of mergers and acquisitions. Drawing force from the fact that IP provides a high rate of return and also a competitive advantage to its holder, companies are protecting their IP assets from the competitors. There is also an international system for defining, protecting, and enforcing intellectual property rights. Some of the treaties and bodies involved in this include, the Trade-Related Aspects of Intellectual Property Rights (TRIPs), World Intellectual Property Organization (WIPO), World Trade Organization (WTO), etc.

The return on Intellectual Property assets can be maximized by developing a strong patent portfolio that helps in attaining significant portion of the earnings through licensing.

In conclusion, organizations should effectively embrace their patent portfolio management strategy to reap maximum advantage. Big Corporates are continuing with their strategy to invest large sums of money in research and development of products and services in order to build a patent portfolio to realize returns on their investment.

### **Intellectual Property as an Instrument of Development**

Though the importance of the subject of Intellectual Property Rights has increased with time, it is still not a global phenomenon. The significance and importance accorded to it differs from one country to the other. Chief factors responsible for this difference are: (a) The amount of resources that different countries allocate and spend towards creation of intellectual assets; and (b) The amount of protected knowledge and information that is used in the process of production. A useful indicator to measure the magnitude of resources devoted towards creation of new knowledge and information is the country's expenditure on research and development activities.

Statistics make it clear that Developing countries tend to spend much less on R&D activities as compared to the Developed countries.

In general, one of the major factors responsible for increase in R & D funding is the growing importance and participation of the private sector which has also resulted in an increased reliance on IPR protection by the private players seeking state protection from any encroachment on their intellectual property rights. This is not only beneficial for such private entities but also the State since it helps in creation and dissemination of further knowledge and information in the society. However, it has been observed that such R & D funding by the private players is predominant in developed countries only.

The other way in which IPRs influence economic activity in a country is through the use of proprietary knowledge and information — owned by both domestic as well as foreign residents — in both production and consumption. Data reveals that in countries with relatively low-income generation, the share of agricultural output is comparatively higher than the share of income earned through services. This also suggests that the IPRs, relating to agricultural processes and products, are more important in developing countries than in developed countries.

Traditionally, the relevance of Intellectual Property Rights in the agricultural research has been very minimal. This is on account of the fact that Intellectual Property Rights were mostly concentrated towards protection of the outcome of industries as against the agriculture per se. Furthermore, most of the R & D carried out in the agricultural sector was by the public sector institutions in both developed as well as developing countries. For instance, the development and dissemination of the technology which led to the Green Revolution in India did not pose any substantial conflicts around the subject of IPR. Moreover, there is still reluctance in the developing nations to accept grant of Patent in the agriculture sector.

In India, since the early 1980s, there has been a significant shift in the national policy towards agricultural research. After having tried and made continuous efforts towards public funding for R&D activities in agriculture, the budgets allocation has been rationalized. At the same time, the participation of the private sector in agricultural R&D has grown by metes and bounds. In the developed nations, about one-half of the agricultural R&D is funded by the private sector

Therefore, it is clear that the increased participation of the private players in agricultural research, has fostered a trend towards increased reliance on IPRs. In the developed nations, most private agricultural R&D is conducted by the firms which itself has increased the relevance of IPRs for developing countries' agricultural sectors as an increasing share of new seeds and farming technologies is now becoming proprietary. In addition, IPR issues are becoming even more complex as researchers in the Developed world sometimes rely on biological and genetic material originating in the gene-rich developing world. In manufacturing, although its share in total output is similar among low, middle, and high-income countries, this does not prove that the underlying technologies and products are similar. However, very little systematic research has been done in this context and it is thus difficult to evaluate how important or unimportant IPRs are for the developing countries' manufacturing sectors. In respect of the services, Copyright protection affects mainly the industries like software production, publishing, and entertainment.

In the 1990s, Copyright protection had gained importance for its role in protecting digital information on the Internet. The protection of digital content is still not a moot point or an issue in the developing countries, where computer and network penetration is much lower as compared to the industrial developed countries. In the early 1998, there were, for example, only 0.2 Internet host per 1000 inhabitants in developing countries compared to 31 in developed countries.

Notwithstanding all this, with a consistent trend towards liberalization of telecommunications services and the

plummeting costs of computing and telecommunications technologies, there is an expectation for a sustained growth of the Internet in developing countries as well and thus increased relevance of Copyright protection with regard to the digital content on a worldwide basis. The economic significance of all these forms of IPRs is revealed in the legal claims filed against the party violating such rights and cannot otherwise be estimated.

### **Need for Protecting Intellectual Property – Policy Consideration – National and International Perspectives**

Protection of IPR, from the international perspective, is about the difference in the protection afforded by the developing and developed countries. While, developed countries normally bear the brunt of IPR related policies, developing countries are exposed as vulnerable and sentimental. Developing nations are sensitive to the standards of IPR protection set by the TRIPs and the tendency to extend this bilaterally which involves an element of reciprocity. Therefore, such countries maintain that different economic sophistication calls for different levels of IPR protection.

The stand of developing nations has been that under the norms set by TRIPs, there is a need to include steps that enables the marginalized developing countries to lessen the heavy social cost imposed by the TRIPs standards, and increase the gains accruing from higher international IPR protection. Different thinkers have different views on the subject. Some believe that the key motivation behind introduction of TRIPs was the desire of the developed nations to protect their accrued competitive technological advantage in the face of the threats and opportunities of globalisation. For them, a harmonized IPR regime serves as a powerful political tool enabling the Multi-National Corporates to internationalize the different phases of production without jeopardizing IPR protection. Therefore, it is felt that the ultimate and the intended outcome of TRIPs is, to consolidate the global hegemony of a few developed nations. By challenging the political limits of national sovereignty, TRIPs provisions require that member states should provide higher protection to the IPRs thus providing some leverage to the developed states to enhance the standards under their bilateral negotiations. Such a move has been called as a drive to overcome pre-existing territorial limitations on intellectual property rights. An illustrative case herein is the United States. The percentage value of U.S. intellectual property exports skyrocketed in the second half of the twentieth century, and thus U.S. got concerned about erosion of its competitiveness caused by the widespread “piracy” occurring in the developing countries. Thus, there was a thinking that by reducing piracy, the U.S. would recapture the revenue involved diverting it to enhance profit taking. For most of the developing nations, adopting a Western-style IPR regime is not a desirable change as the same is not likely to bring in any tangible benefits to it.

The term “Intellectual property (IP)” signifies the inventions, devices, new varieties of designs and other intellectual properties that are brought into existence through the exercise of “mental or creative labour” by the human beings. “Intellectual Property Rights (IPR)” is an umbrella term which is employed to describe the legal status and the protection that allows people to own intellectual properties – the intangible products of their creativity and innovation imbedded in physical objects – in the form that they own physical properties. Under the TRIPs Agreement, IPR refers to copyright and related rights, trademarks, geographical indications, industrial designs, patents, integrated circuit layout designs, protection of undisclosed information and anti-competitive practices in contractual licenses.

The reasons behind grant of protection to such intellectual property are twofold.

- a) First, to give meaning to the moral sentiment that a creator (such as a craftsman) should enjoy the fruits of his creativity;
- b) the Second is to encourage investment of skill, time, finance, and other resources into innovation activities in a manner that is beneficial to the society.

These purposes are achieved through grant of certain time-bound exclusive right and protection in respect of his intellectual property such that he can control the use of such property.

IPR as a concept has been discussed and debated throughout since inception and with globalisation the debate has become increasingly controversial and confrontational with different stakeholders voicing their concerns. Thus, there arose a need to settle the disputes by laying down a law for IPR protection which is applicable in the international framework. The scholars have also made their contribution in giving a shape to the IPR law. They have also debated the validity and legitimacy of IPR from different perspectives.

### **IPR and WTO Agreement**

The phrase “intellectual property” is a metaphor for a fashionable description of ideas in the form of inventions, artistic works, trade symbols and other aspirants. The traditional legal classification of IPR defines the creative output protected by the law, for example, of patents, copyright and trademarks. Significant social, political and technological developments over the past decades have exerted a considerable influence on how IPR is created, exploited and traded and, as a result, legal protection of IPR has become a subject of paramount importance and universal interest in not only the research but also the development and commercialization of emerging technologies.

Thus, Conventional perceptions from economic perspective tend to believe that a strengthened IPR regime annexed to the WTO is a propeller of economic growth. However, since the establishment of the global trading system, it still remains controversial as to whether and how the introduction of the international IPR regime and its infrastructure would generate significant economic growth as originally expected. Developing countries accepted TRIPs agreement with various policy goals. However, the new regime is asymmetric in the sense that it mainly benefits industrialised countries. IPR can either trigger or stifle innovation, and can either promote or hinder economic growth, depending on different national circumstances. Evidence also shows that the full interaction between stronger IPR protection and higher-level technology transfer remains untested. From a legal perspective, concern remains about the ‘universal’ standard of harmonisation which lacks flexibility for developing countries. In a comparative law context, legal transplants of foreign countries have proved practicable over the past decades in some developing countries, but a “fitting-in” process is usually essential to ensure effectiveness of a transplanted law in a unique socioeconomic environment. While legal transplants are feasible, cultural adaptation is essential. In the arena of world intellectual property, intellectual property law has posed as a radically new form of legal transplant in developing countries since it usually has no counterpart in the indigenous legal traditions. However, the success of transplanted IPR infrastructure depends largely on how indigenous tradition of that imported law is remade in the image of its original model. This reception process in launching a brand-new legal system is, to a great extent, a process of indigenization of the foreign law, and this process cannot be simplified when a cultural gap is significant. In the context of political economy, the TRIPs Agreement represents a successful culmination of several attempts by developed states to consolidate their monopoly position over the global economy. The role of developing states within the TRIPs regime has been vulnerable and the concessions they have made should be enumerated in appropriate ways, such as providing financial aid and offering technical assistance.

### **Competing Rationales for Protection of Intellectual Property Rights**

Intellectual property indeed is now one of the valuable assets in commercial transactions, be it intellectual property licensing, joint ventures, foreign collaborations, manufacturing, purchase or distribution agreements, or mergers and acquisitions. Licences to use patents, copyrights and trademarks, are often combined with transfers of know-how and are increasingly an important term in technology transactions. These licences provide royalty revenues to the owner of the Intellectual Property and distribute products and technologies

to licensees who might not otherwise have had access to them. In such transactions, the licensees may also gain rights to create improvements or derivative works and to develop their own Intellectual Property assets, which can then be cross-licensed or licensed to others. This creates a very productive cycle of innovation and invention and adds to the revenues of the companies.

Intellectual property laws confer the right to own intellectual assets by its creator and also enables him to make profits from his artistic, scientific and technological creations for a defined period of time. Such rights are applicable to the intellectual creations and not the physical object in which it is embodied. Countries have enacted laws to protect intellectual property for two main reasons. One is to give statutory expression to the moral and economic rights of creators in their creations and the rights of the public to access such creations. The second is to promote creativity and its dissemination which results in economic and social development.

It is beyond any doubt that knowledge and inventions have played a very important role in the economic growth that we, as humans, have witnessed. This is more evident in the economic development seen in the 1990s. Moreover, factors like increase in global trade itself has contributed in a big way in provided an impetus to forge a connection between intellectual property policies and the trade law. This also led to the inclusion of the TRIPS Agreement as one of the agreements in the framework of the multilateral trade negotiations under the Uruguay Round.

The World Intellectual Property Report 2011- The Changing Face of Innovation – a new WIPO publication describes how ownership of intellectual property (IP) rights has become central to the strategies of innovating firms worldwide. With global demand for patents rising from 800,000 applications in the early 1980s to 1.8 million in 2009, the Report concludes that growing investments in innovation and the globalization of economic activities are key drivers of this trend. As a result, IP policy has moved to the forefront of innovation policy.

WIPO Director General, Francis Gurry, notes that “innovation growth is no longer the prerogative of high income countries alone; the technological gap between richer and poorer countries is narrowing. Incremental and more local forms of innovation contribute to economic and social development, on a par with world-class technological innovations.”

Intellectual property assets are used not only in business transactions, but are also traded in their own right such as online exchanges for the evaluation, buying, selling, and licensing of patents and other forms of Intellectual Property. The buyers and sellers of intellectual property manage their intellectual property as financial assets just as investors in stocks, options and other financial instruments.

Strong intellectual property rights help consumers make an educated choice about the safety, reliability, and effectiveness of their purchases. Enforced intellectual property rights ensure products are authentic, and of the high-quality that consumers recognize and expect. IP rights foster the confidence and ease of mind that consumers demand and markets rely on.

### **Intellectual Property Rights as Human Right**

Human Rights and Intellectual Property, though two very different set of laws with no apparent connection, have gradually becoming intimate bedfellows. Since inception, the two subjects developed virtually in isolation from each other. But in the last few years, international standard setting activities have begun to map previously uncharted intersections between intellectual property law on the one hand and human rights law on the other. Exactly how this new-found relationship will evolve is being actively studied – and sometimes even fought over – by states and nongovernmental organizations (NGOs) in international venues such as the World Intellectual Property Organization (WIPO), the U.N. Commission on Human Rights and the Sub-Commission on the Promotion and Protection of Human Rights, the World Trade Organization (WTO), the World Health



Organization (WHO), and the Conference of the Parties to the Convention on Biological Diversity (CBD). A look at the lawmaking which is underway in these for a *prima facie* reveals two distinct conceptual approaches to the interface between human rights and the intellectual property.

- a) The first approach finds that there is a conflict between human rights and the intellectual property rights. This view believes that a regime of strong intellectual property protection undermines and therefore is incompatible with the human rights obligations, especially in the area of economic, social, and cultural rights. In order to resolve this conflict it is suggested the normative primacy of human rights law over intellectual property law should be recognised in areas where specific treaty obligations conflict.
- b) In the second approach, the Human Rights and the Intellectual Property Rights are seen as concerned with the same fundamental question, i.e., defining the appropriate scope of private monopoly power that gives authors and inventors a sufficient incentive to create and innovate, while ensuring that the consuming public has adequate access to the fruits of their efforts. This school of thought sees Human Rights law and the Intellectual Property Rights law as essentially compatible, although often disagreeing over where to strike the balance between incentives on the one hand and access on the other.

It is also important to understand as to how isolated the two different areas of law were and what caused the recent erosion of that isolation. Some thinkers on the subject have also expressed desire to know as to how did the Intellectual Property Rights law and the Human Rights law remained strangers for so long. The Universal Declaration of Human Rights, 1948 also protects authors' "moral and material interests" in their "scientific, literary or artistic production (s)" as part of its catalogue of fundamental liberties. In the decade of 1960s, a similar provision was inserted in the International Covenant on Economic, Social and Cultural Rights (ICESCR), but the same has now been ratified by nearly 150 nations. Nevertheless, Intellectual Property remained a normative backwater in the human rights pantheon, neglected by treaty bodies, experts, and commentators while other rights emerged from the jurisprudential shadows. These treaties specifically mention about the protections granted to authors and inventors as their "rights."

But the principal reason for the execution of these agreements lies not in deontological claims about inalienable liberties, rather in the economic and instrumental benefits that flow from protecting Intellectual Property products across the national borders. It is also true that both areas of law were preoccupied with more important issues, and neither saw the other as either aiding or threatening its sphere of influence or opportunities for expansion. This evolutionary process resulted in a *de facto* separation of human rights into categories, ranging from a core set of peremptory norms for the most egregious forms of state misconduct, to civil and political rights, to economic, social and cultural rights. Among these categories, economic, social, and cultural rights are the least well developed and the least prescriptive, having received significant jurisprudential attention only in the last decade.

Human Rights law added little to these two enterprises. It provided neither a necessity nor a sufficient justification for demanding a strong, state-granted intellectual property monopolies (whether bundled with trade rules or not). Nor, conversely, did it function as a potential check on the expansion of Intellectual Property Law.

### **The Rights of Indigenous Peoples and Traditional Knowledge**

Since 1990s, the UN Human Rights machinery started emphasized the rights of indigenous communities. People from such communities who were jointly entitled to the conferment of such rights/privileges started demanding from the states their right of recognition as well as right to control over their culture, including traditional knowledge relating to biodiversity, medicines, and agriculture. From the Intellectual Property law perspective, much of this knowledge was regarded as being part of the public domain, since it did not meet the

established subject matter criteria for protection, or because the indigenous communities who created it did not endorse private ownership rules.

By regarding traditional knowledge as effectively un-owned by any single individual or community, the Intellectual Property law made such knowledge vulnerable to an unrestricted exploitation by the outsiders. Many of such outsiders used this knowledge as an upstream input for later downstream innovations that were themselves privatized through Patents, Copyrights, and Plant Breeders' rights. Adding to their pains, the financial and technological benefits of those innovations were rarely shared with the indigenous communities. UN Human Rights bodies sought to cover this hole in the fabric of Intellectual Property law by commissioning a working group and a special rapporteur to create a Draft Declaration on the Rights of Indigenous Peoples, and Principles and Guidelines for the Protection of the Heritage of Indigenous People. These documents adopted a sceptical approach to Intellectual Property protection.

### **The TRIPS Agreement and Human Rights**

The other area of intersection between Human Rights and Intellectual Property is evident in the TRIPS Agreement, which was adopted in the year 1994 as part of the World Trade Organization. TRIPS adopted relatively high minimum standards of protection for all WTO members, including many developing and least developed states whose previous commitment to Patents, Copyrights, and Trademarks was non-existent or at best very minimal. Unlike the previously signed agreements on the subject of Intellectual property, TRIPS provided sufficient checks and balances and also gave teeth to the enforcement agency. Under the TRIPS, non-compliance with the treaty could be challenged through the WTO's hard-edged dispute settlement system, in which rulings by WTO panels and Appellate Body are backed up by the threat of trade sanctions.

The UN Human Rights system turned its attention to TRIPS in the year 2000, just when the treaty's transitional periods were expiring for the developing countries. In August, 2000, the Sub-Commission on the Promotion and Protection of Human Rights adopted a Resolution on Intellectual Property Rights and Human Rights. The resolution adopted an antagonistic approach to the TRIPS. It stressed that "actual or potential conflicts exist between the implementation of the TRIPS Agreement and the realization of economic, social and cultural rights." Such conflicts cut across an exceptionally wide swath of legal terrain, including: (1) the transfer of technology to developing countries; (2) the consequences for the right to food of plant breeders' rights and patenting of genetically modified organisms; (3) bio-piracy; (4) control of indigenous communities' natural resources and culture; and (5) the impact on the right to health from restrictions on access to patented pharmaceuticals.

To address these conflicts, the Sub-Commission had set out an ambitious new agenda for reviewing intellectual property issues within the United Nations, an agenda animated by the principle that human rights must be given "primacy . . . over economic policies and agreements." In the two and a half years since this resolution, the UN Human Rights system responded enthusiastically to the Sub-Commission's invitation by devoting unprecedented attention to intellectual property issues.

### **Future Trajectories for Human Rights and Intellectual Property**

The debate between the advocates of a conflict approach and those asserting a coexistence approach to the intersection of Human Rights and Intellectual Property is unlikely to be resolved anytime soon. To the contrary, the continuing tension between these two competing frameworks is likely to have at least four distinct consequences for the international legal system. The first effect will be an increased incentive to develop soft law human rights norms. For those advocating the primacy of human rights over intellectual property protection rules, it is essential to identify precisely which rights are being undermined. Looking simply at treaty texts, however, there appear to be few clear-cut conflicts, at least under the narrow conflicts rules of customary



international law. But treaty text alone does not tell the whole story. Human rights law is notably elastic, and contains a variety of mechanisms to develop more precise legal norms and standards over time. Advocates endorsing a conflictual approach to intellectual property are likely to press human rights bodies to develop specific interpretations of ambiguous rights to compete with the precise, clearly defined rules in TRIPS.

In addition to creating fuel for future conflicts claims, this pressure may have a side benefit of speeding the jurisprudential evolution of economic, social, and cultural rights which is a still underdeveloped area of human rights law. A second paradigm shift that may emerge is the treatment of consumers of intellectual property products as the holders of internationally guaranteed rights. In the world of TRIPS, the producers and owners of intellectual property products are the only “rights” holders. Individuals and groups who consume those products are allocated the (implicitly) inferior status of users. A human rights approach to intellectual property, by contrast, grants these users a status conceptually equal to owners and producers. This linguistic reframing is not simply a matter of semantics. It also shapes state negotiating strategies. By invoking norms that have received the imprimatur of intergovernmental organizations in which numerous states are members, governments can more credibly argue that a rebalancing of intellectual property standards is part of a rational effort to harmonize two competing regimes of internationally recognized “rights,” instead of a self-interested attempt to distort trade rules or to free ride on foreign creators or inventors. This leads to a third consequence of the new intersection between human rights and intellectual property -- the articulation of “maximum standards” of intellectual property protection. Treaties from Berne to Paris to TRIPS are all concerned with articulating “minimum standards.” But higher standards are not considered problematic, and nothing in the treaties prevents governments from enacting more stringent domestic intellectual property laws, or from entering into agreements that enshrine such standards.

### **Determining Financial Value of Intellectual Property Rights**

One of the most crucial and distinguishing feature of the legal protection granted by the Intellectual Property law is that it turns intangible assets into exclusive property rights, albeit for a limited period of time. In other words, IP protection makes intangible assets “a bit more tangible” by turning them into valuable exclusive assets which are taken into account in all negotiations that happen around any merger or acquisition transactions that take place between the businesses.

If the innovative ideas, creative designs and powerful brands developed by you are not legally protected by through conferment of IP rights, then the same can be freely and legally put to use by any other enterprise (including the competitor) without any limitation. However, being protected by IP rights, they acquire a substantial concrete value for the enterprise as they entail property rights which cannot be commercialized or otherwise put to use used without the owner’s authorization.

The investors, stock market brokers and the financial advisors are now becoming cognizant of this reality and have begun to value IP assets as well. Enterprises worldwide are also increasingly acknowledging value of their IP assets, and, on occasions, have included them in their balance sheet as well. The enterprises (including some SMEs) have started undertaking regular technology and IP audits as well. Infact, in many cases, the enterprises have acknowledged that their IP assets value more than the physical assets held by them. This is often the case with companies operating in knowledge-intensive and highly innovative sectors, or companies which have been into the business for a fairly long period of time and thus their brand-name is itself symbolised with a certain quality of the product by the consumers.

Contrary to the popular belief, the primary reason why firms acquire Intellectual Property is not for any litigation purposes, but to have a legal and transferable proof of ownership to some of their most important intangible assets. Intellectual property audit and valuation helps one to analyse and determine the true value of one’s

business and capitalize on assets that one may not be cognizant of being possessed with.

Advantages of Intellectual Property Valuation – The Intellectual Property Rights, such as Patents and Trademarks, which require necessary registration with the concerned authority, provide legal evidence of one's ownership over such intangible assets while also ensuring one's peaceful and exclusive right to the use of such property. It gives one the right to exclude others from use of such rights. This means that one is armed with the legal remedy against any infringement by the competitor(s). Moreover, it is also an asset which can be profitably licensed or sold to others to provide them with the rights they would otherwise not have, and consequent to these benefits an increase in the total value of one's business.

It can however be very challenging for any organisation to arrive at a precise valuation of its intellectual property. The precise monetary worth of intellectual property can be very challenging to determine, as there are a number of factors that determine the value of the intangible assets under consideration.

At times, the process of valuation of an enterprise's Intellectual Property itself requires registration of such property as a precondition which enables the process of monetizing one's intangible assets. Conducting valuation of one's Intellectual Property has its own significance and advantages. For instance, assessing the value of one's Patent, Trademark or Copyright may simplify the licensing or assignment process, and help one to determine the royalty rates that should be paid as a result of using one's intellectual property assets. Further, ascribing a reasonable valuation to one's intellectual property, if not currently accounted for, increases the overall value of one's business and provides one with collateral for loans and mortgages.

For the start-ups and new businesses, the process of valuation of its intellectual property is statistically an important step and is likely to enhance the outside investment into the venture.

The difference between quantitative and qualitative valuations:-

An intellectual property can be valued on various parameters, but the overarching principle guiding the valuation process is, how much of a competitive advantage does one's intellectual property provides over others in the industry. While evaluating the worth of intellectual property, the following two methods of valuation have traditionally been used:

- **Quantitative valuation:** As the name itself suggests, this method relies on measurable data or numerical information to produce an estimate of the value of one's intangible assets. It attempts to answer the question by providing a monetary value or contribution that the intellectual property provides, whether directly to the business or indirectly by increasing the value of other parts of the operation or the appeal to investors.
- **Qualitative methods:** The parameters of valuation under this method are very different from the quantitative valuation method. This method provides a non-monetary estimate of the value of an Intellectual Property by rating it on the basis of its strategic impact, loyalty held by consumers, its impact on the company's future growth, and other intangible metrics that do not rely solely on numbers.

These two kinds of valuation methods should however not be presumed to be contradictory or mutually exclusive; depending on the needs of one's business, one may employ a variation of method that fall into both the categories. It will not be wrong to suggest that the two valuation methods are perhaps the two sides of the same coin. Quantitative and qualitative attempts to tackle the question of firm value from different viewpoints, which may both come in useful depending on the audience in question and the reason for valuation.

In conclusion it can be said that determining value of one's Intellectual property can be a very challenging task and an exhausting process. But obtaining a valuation can result in significant benefits to one's business and thus the need for valuation can neither be underestimated nor be undermined. Following the valuation models

described above to break down the process into simple steps and establishing a clear purpose and audience for the valuation, can make valuation manageable.

## Negotiating Payments Terms in Intellectual Property Transaction

### Intellectual Property Transactions

In the global markets today, the nature of products bought and sold has undergone a very significant change. Intellectual Property which is an intangible form of property is now often one of the most significant and valued assets that a company holds, and as such, intellectual property plays a very critical role in the commercial transactions. Drafting, negotiating, interpreting and advising on intellectual property agreements require a special set of legal skills to effectively commercialize, exploit, secure, and license Intellectual Property Rights. Thus, to ensure that one capitalizes on his/her IP to its fullest extent, one needs to be cognizant of the value of different IPs and also be familiar with the nuances of it. Generally, big businesses prefer to outsource the drafting as well as settling payment terms in all their Intellectual Property transactions to the legal experts, who being familiar with such transactions and with a wide range of commercial law subjects as well as relevant provisions of IP law, various regulations applicable to the transaction and well as the commercial best practices in the relevant industry sector, they are the people who are in the best position to suggest on such transactions.

The apparent complexity involved in Intellectual Property transactions is on account of lack of recognition of intangible assets (by certain sections) as something of very high monetary value. Thus, one needs to be made aware of the value of such intangible assets in order to properly comprehend the nature of transaction. One needs assistance in identifying and solving intellectual property-related issues that arise throughout intricate transactions related to the licensing and/or transfer of IP in a merger or acquisition. Assistance is needed in negotiating transfer and licensing of interests in:

- Patents
- Trademarks
- Copyright

Some of the commercial transactions in the intellectual property sphere are:

**Licensing** - A licensing agreement is in the nature of a partnership agreement between the licensor and the licensee and there is a need for assistance in negotiating the terms of licensing of different IPs, for instance licensing of Patent, licensing of Trademark and Copyright interests. To draft contracts for such transactions, one needs to have experience in:

- Negotiating and drafting licenses as both intellectual property owner and licensee;
- Drafting licenses meticulously to avoid perils that often occur if contingencies are not considered, such as invalidity, transfer and competitive activities.

**Acquisitions** - Intellectual property is the centre piece of many mergers or acquisitions transactions. It is critical in such transactions to ensure that a detailed due diligence is performed, and the transaction documents adequately address IP ownership, transfers and licensing issues. Therefore, one needs to have experience with all aspects of merger and acquisition transitions, including:

- Negotiating the transfer and licensing of patent, trademark and copyright interests
- Transactional advice and assistance related to the licensing of IP
- Document drafting and review

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- Ensuring a complex transaction proceeds smoothly

The necessary issues that one needs to address before entering into such commercial transactions are:

- Am I selling or buying: Under the transaction who shall be vested with the ownership over the IP rights; what rights shall be transferred and for what use can they be exercised.
- Does the transaction involve transfer of know-how of the technology and post the transaction who shall be the lawful owner and user of the technology.
- What can be the possible litigation between the parties on different aspects of the agreement? In case there is any dispute inter se the parties, how shall they resolve it?

For instance, when you buy a car or a computer, what do you buy? Is it just the machine, and sometimes technical assistance, but not the technology incorporated in the machine, which you do not have rights upon. Similarly, the physical or electronically transfer of goods does not confer upon you any Intellectual Property Rights to that good. Even the source code of a computer program is not transferred when you purchase the right to use / exploit a computer program, if not clearly stated.

### **Intellectual Property Rights in the Cyber World**

Though both Intellectual Property and the Cyber Law are independent subjects and have their own area of operation, however, the influence of one on the other cannot be denied and the same is becoming all the more evident these days. We live in a world which is dominated by computers and the internet and therefore the world today is appropriately called as the Cyber world. Intellectual Property (IP) equally is an expanding phenomenon with more and more innovations coming to surface, which also acts as a catalyst to the expanding businesses. However, in terms of vintage and history, Intellectual Property is relatively a long standing field of legal practice than the Cyber Law. In the Indian context particularly, Cyber Law emerged only with the passage of the Information Technology Act, 2000, while as an IP law, the Copyright Act was passed in the year 1957.

However, the common theme which runs through both these areas of law is that both have been significantly impacted by the development taking place in the field of technology as also the growth of Internet medium. For instance, a lot of issues cropped up in the area of Copyright law the internet enabled its users to readily reproduce materials available online. In an effort to meet such challenges, the Governments have been, time and again, bringing stringent provisions in the criminal law so as to catch-up with the criminals and thus create deterrence in the society towards such malpractices.

As already stated above Cyber Law is a relatively a new branch of law that draws from many other areas of traditional law and is becoming an increasingly important field in its own way. The issues associated with it are multi-disciplinary and have multiple dimensions to it. It covers criminal as well as civil law issues ranging from financial crimes to cyber bullying. Privacy, control, and access are the subjects with which the lawyers practicing in cyber law regularly engage.

The world today is undergoing an Information and Communication Revolution, which itself is challenging the established institutions & settled practices and in a manner which is difficult to comprehend. The widespread use of computers and internet in the modern businesses, as also in the society (in-general), is a well-known fact. The immense advantages of using computers (and internet) in the business have been felt by all. In fact, it is now perceived that societies cannot function smoothly without the use of Computers and Information Technology. While there have been some obvious advantages of such use, the flip side of it is that there has been a lot of misuse of technology through computer and internet. The most challenging aspect of such misuse is that the usage of computers and internet does not recognise any territorial limits recognised and thus the

issue of jurisdiction as well. The emergence of the concept of e-commerce wherein business is conducted on the online medium wherein the biggest advantage is that the businesses can reach out to their customers anywhere in the world. But this itself has given rise to a lot of acts of Cyber Crimes taking place in the world and it is very difficult to find out the wrong doer on account of the immensity of the Cyber Space itself.

### Cyberspace and IPR concerns

**Copyright and Cyberspace** - Copyright protection gives the author of work a certain “bundle of rights”, including the exclusive right to reproduce the work in copies, to prepare derivative works based on the copyright work and to perform or display the work publicly.

**Public Performance and Display Rights** - The right that does get affected is that of display. Display of the work is also done by making copies, which are then retailed or lent out. This also falls under the right to display, which the holder of the copyright has.

**Distribution Rights** - Copyright Law grants the holder of the copyright the exclusive right to distribute copies of the work to the public by sale or by the transfer of the ownership.

**Caching (Mirroring)** - It is a violation on the internet. Caching may be local caching and proxy caching. In addition, proxy caching may give rise to infringement of the right of public distribution, public policy, public performance and digital performance.

**Protection of Database in India** - The Indian Copyright Act 1957 protects “Databases” as “Literary Works” under Section 13(1) (a) of the Act which says that copyright shall subsist throughout India in original literary, dramatic, musical and artistic works. The term computer Database has been defined in the Information Technology Act 2000 for the first time. Section 43 of the IT Act, 2000 provides for compensation to the aggrieved party up to one Crore rupees from a person who violates the copyright and cyberspace norms. Also Section 66 of IT Act, 2000 provides for penal liabilities in such a case.

**Internet Protection in India** - The internet challenge for the protection of internet is the protection of intellectual property. It is still unclear as to how copyright law governs or will govern these materials (literary works, pictures and other creative works) as they appear on the internet. Section 79 of the IT Act 2000 provides for the liability of ISP’s “Network Service Providers not to be liable in certain case.” Section 79 of the IT Act exempts ISP’s from liability for third party information.

**Indian Cyber Jurisdiction** - Though it is in nascent stage as of now, jurisprudential development would become essential in the near future; as the internet and e-commerce shall shrink borders and merge geographical and territorial restrictions on jurisdiction. There are two dimensions to deal with.

1. Manner in which foreign courts assume jurisdiction over the internet and relative issues.
2. The consequences of decree passed by a foreign court.

Thus, there is an immense need for the Indian society to be made aware about the necessity of copyright protection in all fronts to prevent any unauthorized use and pilferage of the system. The analysis of copyright in cyberspace reveals a mixed result of new opportunities and threats. Such threats often outweigh the opportunities offered by the cyberspace and necessity arises for increasing regulations of cyberspace to protect copyrights. Further lack of internationally agreed principles relating to copyrights in cyberspace gives ample room for divergent domestic standards.

**Cyberspace** - Cyberspace can be described as the virtual world interconnecting human beings through computers and telecommunication without regard to the limitations of physical geography. With the onset of

the modern technology, more importantly the internet, copyright protection has taken a hit and thus the issues relating to it assumed greater significance. Now-a-days, the protections of Copyright law have been extended to protect internet items too. It protects original work or work that is fixed in a tangible medium i.e. it is written, typed or recorded. Although the current copyright law provides protection to the copyright owners, it has its own shortcomings when it comes to its implementation and enforcement on the Cyber world. Cyberspace is a virtual world, which technically exists only in computer memory, but it is interactive and pulsing with life.

**IPR and Cyber Space** – While Internet is undoubtedly acclaimed as a major achievement of humankind it cannot be denied that it has come with its own set of challenges. One of the major challenges that it poses is on account of the fact that it has captured the physical market place and has created a new substitute which is the virtual market place. It is thus the responsibility of all IPR owners to protect their IPRs from any mala fide actions of the miscreants operating on the internet medium by invalidating and reducing such mala fide acts/attempts of such criminals by taking proactive measures. It is important to know about the copyright issues associated with the computer programs/software, computer database and various other works in the cyberspace. Under the TRIPS (Trade Related aspects of Intellectual Property Rights) agreement, Computer Programs also now qualify for Copyright protection just as any other literary work is afforded to.

**IPR Violation in Cyber Space** - So far international copyright law was based upon the Berne Convention for the protection of literary and artistic works and the T.R.I.P.S (Trade Related aspects of Intellectual Property Right) of 1995. Since 1974, the international copyright instruments have been managed by a special United Nations Agency by name W.I.P.O (World Intellectual Property Organisation). W.I.P.O's objective as per the treaty is to promote the protection of intellectual property throughout the World through cooperation among the states and where appropriate, in collaboration with other international organizations. W.I.P.O aims at "homogenizing national intellectual property protections with an ultimate eye towards the creation of a unified, cohesive body worldwide international law."

The General Agreement on Tariffs and Trade (GATT) has also addressed copyright issues, in parallel to WIPO. The Uruguay round of GATT produced TRIPS. The TRIPS Agreement adopts portions of the Berne, Rome and Paris Conventions in enunciating norms for intellectual property laws.

### Piracy and the Digital Era

Piracy of the original works by some organized unscrupulous groups is becoming a universal concern now. There is now a consensus amongst different nations on the aspect of need to provide sufficient copyright protection to the original works, though there are some obvious differences that have sharpened over the levels of safeguard. In India, piracy problems are real but the entertainment industry itself has not made any significant efforts in the direction of resolving them.

In India, the law that deals with issues relating to protection of Computer Software(s) is contained in the Copyright Act, 1957. Experience has however shown that the present legal system and the framework around it does not provide adequate means to address all aspects relating to Information Technology (IT). Like the other walks of life, law also has to ramp-up itself in order to meet the newer challenges emerging these days. The Information Technology Act, 2000, in India, which contains a major portion of our Cyber Law, does not lay down sufficient provisions for protection of Intellectual Property Rights of the individuals (and organisations) and to ensure deterrence effect of law in the Cyberspace. While it is a known fact that Copyright violations do occur very frequently on the internet medium, the Copyright Act, 1957 and the Trade Marks Act, 1999 have not created sufficient deterrence in the minds of the violators of law. Therefore, it is felt that the present law perhaps is not an answer to such issues and probably the government would need to bring in some special legislation in order to tackle such issues.



The transformation that has taken place that has moved our attention from the real world to the virtual one is tremendous. We are increasingly and also unconsciously getting dragged into the virtual world thinking that it is safe being oblivious of the actual motives of miscreants operating in it. Thus, there is an urgent need to provide sufficient safeguards to ensure that no wrong goes undetected and unpunished. People share their delicate information online without thinking as to what might be the use of the data collected from them and what if somebody takes an undue advantage of such uploads and uses it to extort money from their victims. This is where the issue of Intellectual Property Rights law and identity protection law comes into the foray of Cyber Space.

To define Intellectual Property in simple and layman's terms, it refers to the creation of the intellect of a human for which monopoly rights are assigned by the law upon him who is made its lawful owner. Intellectual Property Rights (IPRs) are thus the rights conferred upon the creators of the IP, which includes trademarks, copyright, patents, industrial design rights, and in some jurisdictions even trade secrets. Artistic works including music and literature, as well as discoveries, inventions, words, phrases, symbols, and designs can all be subject of and be protected as intellectual property.

The term 'Cyber Space' is derived from a Science Fiction movie by Mr. Fred Roderick which was published in the year 1920, and the term represents and signifies the virtual world which is something apart from the real world that we live in. These days, the term is being employed to describe the connection between the people and the internet services. It can be simply called as the "Social Media". The world today is facing a lot of challenges on account of the surge in 'Cyber Crimes' which take place in the virtual space. In India, the problem came to the fore only with the adoption of the Policy of Liberalization, Privatization and Globalisation by the Government. There are different Cyber Crimes that take place and are in the form of Cyber Bullying, Cyber Stalking, Spamming, Ransom ware and various other Malware Attacks.

'Cyber Security' denotes the technologies and procedures which are brought in to safeguard the computer networks and the data from unlawful admittance of weaknesses and attacks transported through the internet by cyber delinquents. While 'Intellectual property' refers to the creation of human mind, for instance, an invention, a design, a story, a picture, a painting, a song, a design et al, the facets of intellectual property that relates to the Cyberspace are covered by the Cyber Law. Data protection and privacy laws aim to achieve a fair balance between the privacy rights of an individual and the interests of data controllers such as Banks, Electronic mail Service providers etc.

W.I.P.O (World Intellectual Property Organisation) - W.I.P.O is an organization of the United Nations (U.N).

its activities are of four kinds:-

- a) Registration
- b) promotion of inter-governmental cooperation in the administration of intellectual property rights
- c) Specialized programme activities and
- d) Dispute resolution facilities.

In 1996, member countries found it necessary to form a treaty to deal with the protection of copyright evolvement of new technology. The internet poses two basic challenges for I.P.R administrator, i.e., what to administer and how to administer? One of the basic copyright issues in the internet is determining the border between private and public use. The Copyright Act, 1957 (amended in 1994, 2012) also makes a distinction between reproductions for public use and can be done only with the right holder's permission, whereas the law allows a fair dealing for the purpose of private use, research, criticism or review.

## LESSON ROUNDUP

- Intellectual Property relates to information which can be incorporated in tangible objects and reproduced in different locations.
- Intellectual Property can be divided into two categories viz., Industrial property, which includes inventions (patents), trademarks, industrial designs, and geographic indications of source; and Copyright, which includes literary and artistic works such as novels, poems etc.
- Property can be classified into Real property and Personal property. It can also be divided into Absolute property and Qualified property, when it consists of Goods and Chattels.
- According to the Historical theory of Property, the concept of Private Property grew out of joint property. In the earlier days, the ownership rights over property were vested in large societies which were chiefly Patriarchal societies. However, with the disintegration of societies and families, there was a gradual evolution of the concept of individual rights.
- The Labour theory of Property states that, a thing is the property of a person who produces it or brings it into existence.
- According to Psychological theory 'Property came into existence on account of the acquisitive instinct of the human beings'.
- The Functional Theory assumes that the concept of Property should not only be confined to private rights, but it should be considered as a social institution securing maximum interests of society.
- Under the Utilitarian approach, lawmakers' beacon, when shaping property rights, should be the "maximization of net social welfare". In terms of the IP regime, the approach requires that the lawmakers must strike an optimal balance between, the power of exclusive rights to stimulate the creation of inventions and works of art on the one hand, and, the partially offsetting tendency of such rights to curtail widespread public enjoyment of those creations, on the other.
- The Second approach to the IP rights is that a person who labors upon resources that are either un-owned or "held in common" has a natural property right to the fruits of his or her efforts and that the state has a duty to respect and enforce that natural right.
- The Third approach states that private property rights are crucial to the satisfaction of some fundamental human needs.
- The fourth approach is based on the proposition that property rights, in general, and intellectual property rights, in particular, can and should be shaped with the objective to help achieve a just and attractive culture.
- It is a well-known fact that an organization's success largely depends upon its Patent portfolio, apart from various other Intellectual Property assets, such as, designs, trademarks, and copyrights.
- Every organization must ensure maximumisation of its intellectual property portfolio which can be done through effective portfolio management policy.
- The significance and importance accorded to IP differs from one country to the other. Chief factors responsible for this difference are: (a) The amount of resources that different countries allocate and spend towards creation of intellectual assets; and (b) The amount of protected knowledge and information that is used in the process of production.



- In the developed nations, most private agricultural R&D is conducted by the firms which itself has increased the relevance of IPRs for developing countries' agricultural sectors as an increasing share of new seeds and farming technologies is now becoming proprietary.
- Developed countries normally bear the brunt of IPR related policies, and the Developing countries are exposed as vulnerable and sentimental to the issue.
- Intellectual property laws confer the right to own intellectual assets by its creator and also enables him to make profits from his artistic, scientific and technological creations for a defined period of time.
- Countries have enacted laws to protect Intellectual Property for two main reasons. One is to give statutory expression to the moral and economic rights of creators in their creations and the rights of the public to access such creations. The Second is to promote creativity and its dissemination which results in economic and social development.
- Human Rights and Intellectual Property, though two very different set of laws with no apparent connection, have gradually becoming intimate bedfellows. In the last few years, international standard setting activities have begun to map previously uncharted intersections between Intellectual Property law on the one hand and Human Rights law on the other.
- TRIPS adopted relatively high minimum standards of protection for all WTO members, including many developing and least developed states whose previous commitment to Patents, Copyrights, and Trademarks was non-existent or at best very minimal.
- The Investors, Stock Market Brokers and the Financial Advisors are now becoming cognizant of the financial value of IPRs and are beginning to value IP assets as well. The enterprises (including some SMEs) have also started undertaking regular technology and their IP audits.
- An Intellectual Property can be valued on various parameters, but the overarching principle guiding the valuation process is, how much of a competitive advantage does one's Intellectual Property provides over others in the industry.
- Intellectual Property which is an intangible form of property is now often one of the most significant and valued assets that a company holds, and as such, intellectual property plays a very critical role in the commercial transactions.
- Though both Intellectual Property and the Cyber Law are independent subjects and have their own respective area of operation, however, the influence of one on the other cannot be denied and the same is becoming all the more evident these days.
- Cyber Law is a relatively newer branch of law that draws from many other areas of traditional law and is becoming an increasingly important field in its own way.
- It is the responsibility of all IPR owners to protect their IPRs from any mala fide actions of the miscreants operating on the internet medium by invalidating and reducing such mala fide acts/attempts of such criminals by taking proactive measures.
- In India, the law that deals with issues relating to protection of Computer Software(s) is contained in the Copyright Act, 1957.
- The Information Technology Act, 2000, in India, which contains a major portion of our Cyber Law, does not lay down sufficient provisions for protection of Intellectual Property Rights of the individuals (and organisations) and to ensure deterrence effect of law in the Cyberspace.

- WIPO is an organization of the United Nations (UN). WIPO's activities are of four kinds viz., Registration, Promotion of inter-governmental cooperation in the administration of Intellectual Property Rights, specialized programme activities and lastly Dispute Resolution facilities.

### SELF-TEST QUESTIONS

*These are meant for re-capitulation only. Answers to these questions are not to be submitted for evaluation.*

1. Explain the Commonality and the Distinctive features of Intellectual Property vis-à-vis the concept of Property in general.
2. What are the different theories of Property? Explain briefly the rationale and the underlying idea behind them.
3. Elaborate upon the different theories and approaches towards the nature of Intellectual Property Rights.
4. Trace the relevance of Intellectual Property Rights in the businesses today.
5. What are the different aspects that an Organisation need to take into consideration while framing and implementing its Patent portfolio.
6. Explain briefly, the role of Intellectual Property as an effective instrument of Development.
7. What is the distinction between the approaches of Developed nations as compared to developing nations in the matters of protection of Intellectual Property Rights? Also explain in brief, how such approaches are evolving and what the factors responsible for it are?
8. What are the different competing rationales put forward for protection of Intellectual Property?
9. Trace the common features of Intellectual Property Rights and Human Rights.
10. List a few advantages of including the process of evaluation of Intellectual Property in an Organisation. What are the different methods adopted for such evaluation.
11. What are Intellectual Property Transactions? What are the terms of payment under such transactions?
12. Explain different connecting points of Intellectual Property Law regime and Cyber Law regime in India as well as from the international perspective.

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## Lesson 2

# Types of Intellectual Property – Origin and Development- An Overview

### LESSON OUTLINE

- Introduction
- Intellectual property vis-à-vis business: a rationale of relativity
- Intellectual property regime in India
- Copyrights
- Trademarks
- Patents
- Designs
- Utility
- Models
- Trade secrets
- Geographical Indications
- Bio-diversity and IPR.
- Lesson Round-Up
- Self-Test Questions

### LEARNING OBJECTIVES

As you are aware that the domain of intellectual property is quite vast. Among other domains of intellectual property, Copyrights, Patents Trademarks and Designs are known to have received recognition for a long time. Apart from this, newer forms of the protection are also emerging particularly stimulated by the exciting developments in scientific and technological activities.

In the light of the varied and diversified domains of the intellectual property, the study lesson aims to provide an in-depth understanding to the students about the various forms of the intellectual property, its relevance and business impact in the changing global business environment. Besides, the students will also be acclimatized with the leading International Instruments concerning Intellectual Property Rights.

## INTRODUCTION

Intellectual property (IP) refers to the creations of the human mind like inventions, literary and artistic works, and symbols, names, images and designs used in commerce. Intellectual property is divided into two categories:

- a) Industrial property, which includes inventions (patents), trademarks, industrial designs, and geographic indications of source; and
- b) Copyright, which includes literary and artistic works such as novels, poems and plays, films, musical works, artistic works such as drawings, paintings, photographs and sculptures, and architectural designs. Rights related to copyright include those of performing artists in their performances, producers of phonograms in their recordings, and those of broadcasters in their radio and television programs. Intellectual property rights protect the interests of creators by giving them property rights over their creations.

The most noticeable difference between intellectual property and other forms of property, however, is that intellectual property is intangible, that is, it cannot be defined or identified by its own physical parameters. It must be expressed in some discernible way to be protectable. Generally, it encompasses four separate and distinct types of intangible property namely — patents, trademarks, copyrights, and trade secrets, which collectively are referred to as “intellectual property.” However, the scope and definition of intellectual property is constantly evolving with the inclusion of newer forms under the gambit of intellectual property. In recent times, geographical indications, protection of plant varieties, protection for semi-conductors and integrated circuits, and undisclosed information have been brought under the umbrella of intellectual property.

## INTELLECTUAL PROPERTY VIS-À-VIS BUSINESS: A RATIONALE OF RELATIVITY

In today's world, the abundant supply of goods and services on the markets has made life very challenging for any business, big or small. In its on-going quest to remain ahead of competitors in this environment, every business strives to create new and improved products (goods and services) that will deliver greater value to users and customers than the products offered by competitors. To differentiate their products - a prerequisite for success in today's markets - businesses rely on innovations that reduce production costs and/or improve product quality. In a crowded marketplace, businesses have to make an on-going effort to communicate the specific value offered by their product through effective marketing that relies on well thought-out branding strategies. In the current knowledge-driven, private sector oriented economic development paradigm, the different types of intangible assets of a business are often more important and valuable than its tangible assets. A key subset of intangible assets is protected by what are labelled collectively as intellectual property rights (IPRs). These include trade secrets protection, copyright, design and trademark rights, and patents, as well as other types of rights. IPRs create tradable assets out of products of human intellect, and provide a large array of IPR tools on which businesses can rely to help drive their success through innovative business models. All businesses, especially those which are already successful, nowadays have to rely on the effective use of one or more types of intellectual property (IP) to gain and maintain a substantial competitive edge in the marketplace. Business leaders and managers, therefore, require a much better understanding of the tools of the IP system to protect and exploit the IP assets they own, or wish to use, for their business models and competitive strategies in domestic and international markets.

## INTELLECTUAL PROPERTY REGIME IN INDIA

India remains one of the world's most growing economies in past 20 years and the ballgame of entrepreneurship and industries is a key element for contribution outstanding growth of Indian economy. On one hand, where

businesses and their successful run is vital to the growth of economy; on the same hand, a structured set of IP protection helps in the advancement and development of businesses under a hassle free environment. Henceforth, aligning the International practices, India too is having a systemized legal system to take care of IP protection. Historically the first system of protection of intellectual property came in the form of (Venetian Ordinance) in 1485. This was followed by Statute of Monopolies in England in 1623, which extended patent rights for Technology Inventions. In the United States, patent laws were introduced in 1760. Most European countries developed their Patent Laws between 1880 to 1889. In India Patent Act was introduced in the year 1856 which remained in force for over 50 years, which was subsequently modified and amended and was called “The Indian Patents and Designs Act, 1911”. After Independence a comprehensive bill on patent rights was enacted in the year 1970 and was called “The Patents Act, 1970”.

Specific statutes protected only certain type of Intellectual output; till recently only four forms were protected. The protection was in the form of grant of copyrights, patents, designs and trademarks. In India, copyrights were regulated under the Copyright Act, 1957; patents under Patents Act, 1970; trademarks under Trade and Merchandise Marks Act 1958; and designs under Designs Act, 1911. With the establishment of WTO and India being signatory to the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), several new legislations were passed for the protection of intellectual property rights to meet the international obligations. These included: Trade Marks, called the Trade Mark Act, 1999; Designs Act, 1911 was replaced by the Designs Act, 2000; the Copyright Act, 1957 amended a number of times, the latest is called Copyright (Amendment) Act, 2012; and the latest amendments made to the Patents Act, 1970 in 2005. Besides, new legislations on geographical indications and plant varieties were also enacted. These are called Geographical Indications of Goods (Registration and Protection) Act, 1999, and Protection of Plant Varieties and Farmers' Rights Act, 2001 respectively.

Over the past two decades around, intellectual property rights have grown to a stature from where it plays a major role in the development of global economy. In 1990s, many countries unilaterally strengthened their laws and regulations in this area, and many others were poised to do likewise. At the multilateral level, the successful conclusion of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) in the World Trade Organization elevates the protection and enforcement of IPRs to the level of solemn international commitment. It is strongly felt that under the global competitive environment, stronger IPR protection increases incentives for innovation and raises returns to international technology transfer.

India's engagement on Intellectual Property Rights (IPR) endures, primarily through the Trade Policy Forum's Working Group on Intellectual Property. In 2016, India released its comprehensive National IP Policy, with its primary focus being on awareness and building administrative capacity. The portfolio of Copyright and Semi-Conductors shifted to the Department of Industrial Policy and Promotion, Ministry of Commerce. The Cell of IP Promotion and Management (CIPAM) was set up and is tasked with implementing the IP Policy and interagency coordination. In 2016, the state of Telangana set up India's first IP Crime Unit, to combat the menace of internet piracy.

### **Administrative and Judicial Setup for Intellectual Property Rights in India**

#### **Judicial**

- a) Commercial Courts
- b) Intellectual Properties Appellate Board
- c) Copyright Board ( Merged with IPAB)
- d) Alternative Dispute Resolution (ADR)

**Enforcement**

- a) Police
- b) Custom

**Centre and State**

- a) IP Cells
- b) Technology and Innovation Support Centers (TISCs)
- c) Patents Facilitation Centre

**IP Offices**

- a) Patents – Delhi, Kolkata, Chennai, Mumbai
- b) Trademarks - Delhi, Kolkata, Chennai, Mumbai and Ahmedabad
- c) Copyrights – Delhi
- d) Designs – Kolkata
- e) Geographical Indication – Chennai
- f) Semiconductor Integrated Circuits Layout Design Registry (SICLDRS) – Delhi

## **COPYRIGHTS**

Copyrights protect original works of authorship, such as literary works, music, dramatic works, pantomimes and choreographic works, sculptural, pictorial, and graphic works, sound recordings, artistic works, architectural works, and computer software. With copyright protection, the holder has the exclusive rights to modify, distribute, perform, create, display, and copy the work.

Section 14 of the Act defines the term Copyright as to mean the exclusive right to do or authorise the doing of the following acts in respect of a work or any substantial part thereof, namely

In the case of literary, dramatic or musical work (except computer programme):

- (i) reproducing the work in any material form which includes storing of it in any medium by electronic means;
- (ii) issuing copies of the work to the public which are not already in circulation;
- (iii) performing the work in public or communicating it to the public;
- (iv) making any cinematograph film or sound recording in respect of the work; making any translation or adaptation of the work.

Further any of the above mentioned acts in relation to work can be done in the case of translation or adaptation of the work.

In the case of a computer programme:

- (i) to do any of the acts specified in respect of a literary, dramatic or musical work; and
- (ii) to sell or give on commercial rental or offer for sale or for commercial rental any copy of the computer programme. However, such commercial rental does not apply in respect of computer programmes where the programme itself is not the essential object of the rental.



In the case of an artistic work:

- (i) reproducing the work in any material form including depiction in three dimensions of a two dimensional work or in two dimensions of a three dimensional work;
- (ii) communicating the work to the public;
- (iii) issuing copies of work to the public which are not already in existence;
- (iv) including work in any cinematograph film;

making adaptation of the work, and to do any of the above acts in relation to an adaptation of the work.

In the case of cinematograph film and sound recording:

- (i) making a copy of the film including a photograph of any image or making any other sound recording embodying it;
- (ii) selling or giving on hire or offer for sale or hire any copy of the film/sound recording even if such copy has been sold or given on hire on earlier occasions; and
- (iii) communicating the film/sound recording to the public.

In the case of a sound recording:

- To make any other sound recording embodying it
- To sell or give on hire, or offer for sale or hire, any copy of the sound recording
- To communicate the sound recording to the public.

The main objective of the Act is to give protection to the owner of the copyright from the dishonest manufacturers, who try to confuse public and make them believe that the infringed products are the products of the owner. Further, it wants to discourage the dishonest manufacturers from enmeshing the goodwill of the owner of the copyright, who has established itself in the market with its own efforts [Hawkins Cookers Ltd. v. Magicook Appliances Co., 00(2002) DLT698].

Unlike the case with patents, copyright protects the expressions and not the ideas. There is no copyright in an idea. In *M/s Mishra Bandhu Karyalaya & Others v. Shivaratanlal Koshal* AIR 1970 MP 261, it has been held that the laws of copyright do not protect ideas, but they deal with the particular expression of ideas.

In order to qualify under copyright laws, the work must be fixed in a tangible medium of expression, such as words on a piece of paper or music notes written on a sheet. A copyright exists from the moment the work gets created, so registration is required to provide proper protection to one's work and also to prevent the chances of its misuse and unauthorized use.

Copyright in India is governed by Copyright Act, 1957. This Act has been amended several times to keep pace with the changing times. As per this Act, copyright grants author's lifetime coverage plus 60 years after death under certain classes whereas in other classes it is 60 years in toto. Copyright and related rights on cultural goods, products and services, arise from individual or collective creativity. All original intellectual creations expressed in a reproducible form will be connected as "works eligible for copyright protections". Copyright laws distinguish between different classes of works such as literary, artistic, dramatic, musical works; and sound recordings; and cinematograph films. The work is protected irrespective of the quality thereof and also when it may have very little in common with accepted forms of literature or art.

Copyright protection also includes novel rights which involve the right to claim authorship of a work, and the right to oppose changes to it that could harm the creator's reputation (Moral Right). The creator or the owner

of the copyright in a work can enforce his right administratively and in the courts by inspection of premises for evidence of production or possession of illegally made “pirated” goods related to protected works. The owner may obtain court orders to stop such activities, as well as seek damages for loss of financial rewards and recognition.

A vital field which gets copyright protection is the computer industry. The Copyright Act, 1957, was amended in 1984 and computer programming was included with the definition of “literary work.” The new definition of “computer programme” introduced in 1994, means a set of instructions expressed in works, codes or in any other form, including a machine readable medium, capable of causing a computer to perform a particular task or achieve a particular result.

### Copyright Protection Enforcement

#### Civil remedies for infringement of copyright.—

(1) Where copyright in any work has been infringed, the owner of the copyright shall, except as otherwise provided by this Act, be entitled to all such remedies by way of injunction, damages, accounts and otherwise as are or may be conferred by law for the infringement of a right:

Provided that if the defendant proves that at the date of the infringement he was not aware and had no reasonable ground for believing that copyright subsisted in the work, the plaintiff shall not be entitled to any remedy other than an injunction in respect of the infringement and a decree for the whole or part of the profits made by the defendant by the sale of the infringing copies as the court may in the circumstances deem reasonable.

(2) Where, in the case of a literary, dramatic, musical or artistic work, or, subject to the provisions of sub-section (3) of section 13, a cinematograph film or sound recording, a name purporting to be that of the author, or the publisher, as the case may be, of that work, appears on copies of the work as published, or, in the case of an artistic work, appeared on the work when it was made, the person whose name so appears or appeared shall, in any proceeding in respect of infringement of copyright in such work, be presumed, unless the contrary is proved, to be the author or the publisher of the work, as the case may be.

(3) The costs of all parties in any proceedings in respect of the infringement of copyright shall be in the discretion of the court.

#### Protection of separate rights.—

Subject to the provisions of this Act, where the several rights comprising the copyright in any work are owned by different persons, the owner of any such right shall, to the extent of that right, be entitled to the remedies provided by this Act and may individually enforce such right by means of any suit, action or other proceeding without making the owner of any other right a party to such suit, action or proceeding. (For details refer lesson on Copyright)

The greatest fear and challenges to the copyright industry is the piracy of works whether, books, musical works, films, television programmes or computer software or computer database. The special nature of infringement of copyrights in computer programmes has again been taken note of by the Copyright (Amendment) Act, 1994 by inserting a new section 63 B. The new section provides that any person who knowingly makes use on a computer of an infringed copy of a computer programme will be punishable with imprisonment for a term of not less than seven days, which may extend to three years and with a fine of not less than ₹ 50,000/- and which may extend to ₹2,00,000/-. Proviso to section 63 B, however, provides that where computer programme has not been used for gain or in the course of trade or business, the court may at its discretion and for reasons mentioned in the judgment not impose any sentence of imprisonment and impose only fine up to ₹ 50,000/-.

The Copyright (Amendment) Act, 1999 makes it free for purchaser of a gadget/equipment to sell it onwards if the item being transacted is not the main item covered under the Copyright Act. This means computer software which is built in the integral part of a gadget/equipment can be freely transacted without permission of copyright owner. This amendment also ensures fair dealing of 'broadcasting' gaining popularity with the growth of the Internet. With this amendment India has updated the Act to meet the concerns of the copyright industries mainly consisting of Book Industry, Music Industry, Film and Television Industry, Computer Industry and Database Industry.

The Copyright Act, 1957 amended in 2012 with the object of making certain changes for clarity, to remove operational difficulties and also to address certain newer issues that have emerged in the context of digital technologies and the Internet. Moreover, the main object to amendments the Act is that in the knowledge society in which we live today, it is imperative to encourage creativity for promotion of culture of enterprise and innovation so that creative people realize their potential and it is necessary to keep pace with the challenges for a fast growing knowledge and modern society.

## **TRADEMARKS**

A trademark is a word, phrase, symbol, or design that distinguishes the source of products (trademarks) or services (service marks) of one business from its competitors. In order to qualify for protection, the mark must be distinctive. For example, the Nike "swoosh" design identifies athletic footwear made by Nike.

Although rights in trademarks are acquired by use, registration with the Trademark Office under the Trademark Act, 1999 allows you to more easily enforce those rights. Before registering your trademark, conduct a search of federal and state databases to make sure a similar trademark doesn't already exist. This trademark search can help you reduce the amount of time and money you could spend on using a mark that is already registered and trademarked.

The Trade Marks Act 1999 ("TM Act") provides, inter alia, for registration of marks, filing of multi class applications, the renewable term of registration of a trademark as ten years as well as recognition of the concept of well-known marks, etc. It is pertinent to note that the letter "R" in a circle i.e. ® with a trademark can only be used after the registration of the trademark under the TM Act.

Trademarks mean any words, symbols, logos, slogans, product packaging or design that identify the goods or services from a particular source. As per the definition provided under Section 2 (zb) of the TM Act, "trade mark" means a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colors.

The definition of the trademark provided under the TM Act is wide enough to include non-conventional marks like color marks, sound marks, etc. As per the definition provided under Section 2 (m) of the TM Act, "mark" includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colors or any combination thereof.

Accordingly, any mark used business entity in the trade or business in any form, for distinguishing itself from other, can qualify as trademark. It is quite significant to note that the Indian judiciary has been proactive in the protection of trademarks, and it has extended the protection under the trademarks law to Domain Names as demonstrated in landmark cases of Tata Sons Ltd. v Manu Kosuri & Ors. [90 (2001) DLT 659] and Yahoo Inc. v Akash Arora [1999 PTC 201].

### Points to consider while adopting a Trademark

Any business entity needs to be cautious in selecting its trade name, brands, logos, packaging for products, domain names and any other mark which it proposes to use. One must do a proper due diligence before adopting a trademark. The trademarks can be broadly classified into following five categories:

- Generic
- Descriptive
- Suggestive
- Arbitrary
- Invented/Coined

### Explanation :-

1. Generic marks means using the name of the product for the product, like “Salt” for salt.
2. Descriptive marks means the mark describing the characteristic of the products, like using the mark “Fair” for the fairness creams.
3. Suggestive marks means the mark suggesting the characteristic of the products, like “Habitat” for home furnishings products.
4. Arbitrary marks means mark which exist in popular vocabulary, but have no logical relationship to the goods or services for which they are used, like “Blackberry” for phones.
5. The invented/ coined marks means coining a new word which has no dictionary meaning, like “Adidas”.

The strongest marks, are thus the easiest to protect, are invented or arbitrary marks. The weaker marks are descriptive or suggestive marks which are very hard to protect. The weakest marks are generic marks which can never function as trademarks.

India follows the NICE Classification of Goods and Services for the purpose of registration of trademarks. The NICE Classification groups goods and services into 45 classes (classes 1-34 include goods and classes 35-45 include services). The NICE Classification is recognized in majority of the countries and makes applying for trademarks internationally a streamlined process. Every business entity, seeking to register trademark for a good or service, has to choose from the appropriate class, out of the 45 classes.

While adopting any mark, the business entity should also keep in mind and ensure that the mark is not being used by any other person in India or abroad, especially if the mark is well-known. It is important to note that India recognizes the concept of the “Well-known Trademark” and the principle of “Trans-border Reputation”.

Examples of well-known trademarks are Google, Tata, Yahoo, Pepsi, Reliance, etc. Further, under the principle of “Trans-border Reputation”, India has afforded protection to trademarks like Apple, Gillette, Whirlpool, Volvo, which despite having no physical presence in India, are protected on the basis of their trans-border reputation in India.

### Enforcement of trademarks right

Trademarks can be protected under the statutory law, i.e., under the Trade Marks Act and the common law. If a person is using a similar mark for similar or related goods or services or is using a well-known mark, the rightful owner of trademark can file a suit against that person for violation of the IP rights irrespective of the fact that the trademark is registered or not.

Registration of a trademark is not a pre-requisite in order to sustain a civil or criminal action against violation of trademarks in India. The prior adoption and use of the trademark is of utmost importance under trademark laws.

The relief which a Court may usually grant in a suit for infringement or passing off includes permanent and interim injunction, damages or account of profits, delivery of the infringing goods for destruction and cost of the legal proceedings. It is pertinent to note that infringement of a trademark is also a cognizable offence and criminal proceedings can also be initiated against the infringers.

## **Patents**

A patent grants proprietary rights on an invention, allowing the patent holder to exclude others from making, selling, or using the invention. Inventions allow many businesses to be successful because they develop new or better processes or products that offer competitive advantage on the marketplace. One could get a patent by filing a patent application with the Patent Office in India.

Patent, in general parlance means, a monopoly given to the inventor on his invention to commercial use and exploit that invention in the market, to the exclusion of other, for a certain period. As per Section 2(1) (j) of the Patents Act, 1970, “invention” includes any new and useful;

- art, process, method or manner of manufacture;
- machine, apparatus or other article;
- substance produced by manufacture, and includes any new and useful improvement of any of them, and an alleged invention;

The definition of the word “Invention” in the Patents Act, 1970 includes the new product as well as new process. Therefore, a patent can be applied for the “Product” as well as “Process” which is new, involving inventive step and capable of industrial application can be patented in India.

The invention will not be considered new if it has been disclosed to the public in India or anywhere else in the world by a written or oral description or by use or in any other way before the filing date of the patent application. The information appearing in magazines, technical journals, books etc, will also constitute the prior knowledge. If the invention is already a part of the state of the art, a patent cannot be granted. Examples of such disclosure are displaying of products in exhibitions, trade fairs, etc. explaining its working, and similar disclosures in an article or a publication.

It is important to note that any invention which falls into the following categories is not patentable:

- (a) frivolous,
- (b) obvious,
- (c) contrary to well established natural laws,
- (d) contrary to law,
- (e) morality,
- (f) injurious to public health,
- (g) a mere discovery of a scientific principle,
- (h) the formulation of an abstract theory,

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- (i) a mere discovery of any new property or new use for a known substance or process, machine or apparatus,
- (j) a substance obtained by a mere admixture resulting only in the aggregation of the properties of the components thereof or a process for producing such substance,
- (k) a mere arrangement or rearrangement or duplication of known devices,
- (l) a method of agriculture or horticulture, and
- (m) inventions relating to atomic energy or the inventions which are known or used by any other person, or used or sold to any person in India or outside India.

The application for the grant of patent can be made by either the inventor or by the assignee or legal representative of the inventor. In India, the term of the patent is for 20 years. The patent is renewed every year from the date of patent.

### **Enforcement of Patent Rights:-**

It is pertinent to note that the patent infringement proceedings can only be initiated after grant of patent in India but may include a claim retrospectively from the date of publication of the application for grant of the patent. Infringement of a patent consists of the unauthorized making, importing, using, offering for sale or selling any patented invention within the India. Under the (Indian) Patents Act, 1970 only a civil action can be initiated in a Court of Law. Like trademarks, the relief which a court may usually grant in a suit for infringement of patent includes permanent and interim injunction, damages or account of profits, delivery of the infringing goods for destruction and cost of the legal proceedings.

## **Designs**

In view of considerable progress made in the field of science and technology, a need was felt to provide more efficient legal system for the protection of industrial designs in order to ensure effective protection to registered designs, and to encourage design activity to promote the design element in an article of production. In this backdrop, The Designs Act of 1911 has been replaced by the Designs Act, 2000. The Designs Act, 2000 has been enacted essentially to balance these interests and to ensure that the law does not unnecessarily extend protection beyond what is necessary to create the required incentive for design activity while removing impediments to the free use of available designs.

The new Act complies with the requirements of TRIPS and hence is directly relevant for international trade.

### **According to section 2 (d) of the Designs Act, 2000**

“Design” means features of shape, pattern, configuration, ornaments or composition of colors or lines which is applied in three dimensional or two dimensional or in both the forms using any of the process whether manual, chemical, mechanical, separate or combined which in the finished article appeal to or judged wholly by the eye; but does not include any mode or principle of construction or anything which is in substance a mere mechanical device.

Industrial Design law deals with the aesthetics or the original design of an industrial product. An industrial product usually contains elements of both art and craft, that is to say artistic as well as functional elements.

The design law excludes from its purview the functioning features of an article and grants protection only to those which have an aesthetic appeal. For example, the design of a teacup must have a hollow receptacle for holding tea and a handle to hold the cup. These are functional features that cannot be registered. But a fancy shape or ornamentation on it would be registrable. Similarly, a table, for example, would have a flat surface on

which other objects can be placed. This is its functional element. But its shape, colour or the way it is supported by legs or otherwise, are all elements of design or artistic elements and therefore, registrable if unique and novel.

Today, industrial design has become an integral part of consumer culture where rival articles compete for consumer's attention. It has become important, therefore, to grant adequate protection to an original industrial design. It is not always easy to separate aesthetics of a finished article from its function. Law, however, requires that it is only the aesthetics or the design element which can be registered and protected. For example, while designing furniture whether for export or otherwise, when one copies designs from a catalogue, one has to ascertain that somebody else does not have a design right in that particular design.

Particularly, while exporting furniture, it is necessary to be sure that the design of the furniture is not registered either as a patent or design in the country of export. Otherwise, the exporter may get involved in unnecessary litigation and may face claims for damages. Conversely, if furniture of ethnic design is being exported, and the design is an original design complying with the requirements of the definition of 'design' under the Designs Act, it would be worthwhile having it registered in the country to which the product is being exported so that others may not imitate it and deprive the inventor of that design of the commercial benefits of his design.

The salient features of the Design Act, 2000 are as under:

- (a) Enlarging the scope of definition of the terms "article", "design" and introduction of definition of "original".
- (b) Amplifying the scope of "prior publication".
- (c) Introduction of provision for delegation of powers of the Controller to other officers and stipulating statutory duties of examiners.
- (d) Provision of identification of non-registrable designs.
- (e) Provision for substitution of applicant before registration of a design.
- (f) Substitution of Indian classification by internationally followed system of classification.
- (g) Provision for inclusion of a register to be maintained on computer as a Register of Designs.
- (h) Provision for restoration of lapsed designs.
- (i) Provisions for appeal against orders of the Controller before the High Court instead of Central Government.
- (j) Revoking of period of secrecy of two years of a registered design.
- (k) Providing for compulsory registration of any document for transfer of right in the registered design.
- (l) Introduction of additional grounds in cancellation proceedings and provision for initiating the cancellation proceedings before the Controller in place of High Court.
- (m) Enhancement of quantum of penalty imposed for infringement of a registered design.
- (n) Provision for grounds of cancellation to be taken as defense in the infringement proceedings to be in any court not below the Court of District Judge.
- (o) Enhancing initial period of registration from 5 to 10 years, to be followed by a further extension of five years.



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- (p) Provision for allowance of priority to other convention countries and countries belonging to the group of countries or inter-governmental organizations apart from United Kingdom and other Commonwealth Countries.
- (q) Provision for avoidance of certain restrictive conditions for the control of anticompetitive practices in contractual licenses.

### UTILITY MODELS

A utility model is an exclusive right granted for an invention, which allows the right holder to prevent others from commercially using the protected invention, without his authorization for a limited period of time. In its basic definition, which may vary from one country (where such protection is available) to another, a utility model is similar to a patent. In fact, utility models are sometimes referred to as “petty patents” or “innovation patents.”

Example of registered utility models

- a) Oil Filtering Tool, JP,3157659,U
- b) A blade which has triangle form, JP,3145798,U
- c) Hook for curtain JP,3165900,U
- d) Hanger for garments JP, 3165963,U

Only a small but significant number of countries and regions provide the option of utility model protection. At present, India does not have legislation on Utility models.

The main differences between utility models and patents are the following:

The requirements for acquiring a utility model are less stringent than for patents. While the requirement of “novelty” is always to be met, that of “inventive step” or “non-obviousness” may be much lower or absent altogether. In practice, protection for utility models is often sought for innovations of a rather incremental character which may not meet the patentability criteria.

The term of protection for utility models is shorter than for patents and varies from country to country (usually between 7 and 10 years without the possibility of extension or renewal).

In most countries where utility model protection is available, patent offices do not examine applications as to substance prior to registration. This means that the registration process is often significantly simpler and faster, taking on an average six months.

Utility models are much cheaper to obtain and to maintain. In some countries, utility model protection can only be obtained for certain fields of technology, and only for products but not for processes.

Utility models are considered suitable particularly for SMEs that make “minor” improvements to, and adaptations of, existing products. Utility models are primarily used for mechanical innovations.

The “Innovation patent,” launched in Australia some time back was introduced as a result of extensive research into the needs of small and medium-sized enterprises, with the aim of providing a “low-cost entry point into the intellectual property system.”



## **TRADE SECRETS**

It may be confidential business information that provides competitive edge to an enterprise. Usually these are manufacturing or industrial secrets and commercial secrets. These include sales methods, distribution methods, consumer profiles, and advertising strategies, lists of suppliers and clients, and manufacturing processes. Contrary to patents, trade secrets are protected without registration.

Trade secret may be in the form of a

- a) formula
- b) practice
- c) process
- d) design
- e) instrument
- f) pattern
- g) commercial methods
- h) compilation of information not generally known

A trade secret can be protected for an unlimited period of time but a substantial element of secrecy must exist so that, except by the use of improper means, there would be difficulty in acquiring the information. Considering the vast availability of traditional knowledge in the country, the protection under this will be very crucial in reaping benefits from such type of knowledge.

## **GEOGRAPHICAL INDICATIONS**

Geographical Indication (GI) is a tag or sign used on products for indicating their specific place of origin. It specifies the characteristics, qualities and reputation assumed to be in the product because of its linkage to a particular geographical location. Any sign can be used as a GI only when it has the ability of identifying a product to be originating from a particular place. It can be used for following mentioned things –

- a) Agricultural products e.g. Alphonso Mango, Nagpur oranges
- b) Food stuffs e.g. Roquefort cheese is the unique blue cheese from France
- c) Wine and spirits e.g. Tequila made from blue agave plant growing in the city of Tequila, Mexico
- d) Handicrafts e.g. Mahdubani Paintings, Kanchipuram Sarees
- e) Industrial products e.g. Darjeeling tea.

Until recently, Geographical indications were not registrable in India and in the absence of statutory protection, Indian geographical indications had been misused by persons outside India to indicate goods not originating from the named locality in India. Patenting turmeric, neem and basmati are the instances which drew a lot of attention towards this aspect of the Intellectual property. Mention should be made that under the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), there is no obligation for other countries to extend reciprocal protection unless a geographical indication is protected in the country of its origin. India did not have such a specific law governing geographical indications of goods which could adequately protect the interest of producers of such goods.

To cover up such situations it became necessary to have a comprehensive legislation for registration and

for providing adequate protection to geographical indications and accordingly the Parliament has passed a legislation, namely, the Geographical indication of Goods (Registration and Protection) Act, 1999. The legislation is administered through the Geographical Indication Registry under the overall charge of the Controller General of Patents, Designs and Trade Marks.

The salient features of this legislation are as under:

- (a) Provision of definition of several important terms like “geographical indication”, “goods”, “producers”, “packages”, “registered proprietor”, “authorized user” etc.
- (b) Provision for the maintenance of a Register of Geographical Indications in two parts-Part A and Part B and use of computers etc. for maintenance of such Register. While Part A will contain all registered geographical indications, Part B will contain particulars of registered authorized users.
- (c) Registration of geographical indications of goods in specified classes.
- (d) Prohibition of registration of certain geographical indications.
- (e) Provisions for framing of rules by Central Government for filing of application, its contents and matters relating to substantive examination of geographical indication applications.
- (f) Compulsory advertisement of all accepted geographical indication applications and for inviting objections.
- (g) Registration of authorized users of registered geographical indications and providing provisions for taking infringement action either by a registered proprietor or an authorized user.
- (h) Provisions for higher level of protection for notified goods.
- (i) Prohibition of assignment etc. of a geographical indication as it is public property.
- (j) Prohibition of registration of geographical indication as a trademark.
- (k) Appeal against Registrar’s decision would be to the Intellectual Property Board established under the Trade Mark legislation.
- (l) Provision relating to offences and penalties.
- (m) Provision detailing the effects of registration and the rights conferred by registration.
- (n) Provision for reciprocity powers of the registrar, maintenance of Index, protection of homonymous geographical indications etc.

## BIO-DIVERSITY AND IPR

In simple terms, the diversity among various life forms within the Biosphere refers to biodiversity. Biodiversity is the foundation of life on Earth. It is crucial for the functioning of ecosystems which provide us with products and services without which we cannot live. By changing biodiversity, we strongly affect human well-being and the well-being of every other living creature. Biodiversity is normally classified under 3 major categories:

- a) ecosystem diversity, representing the principal bio geographic regions and habitats;
- b) Species diversity, representing variability at the level of families, genera and species; and
- c) Genetic diversity, representing the large amount of variability occurring within a species.

Diverse activities and actions have been taken by several stakeholders at local, state, national and international level to conserve/protect the valuable resource such as biodiversity to draw the benefits accrued in it for the society.

It is a well-established fact that developing countries are rich in the world's flora and fauna and 80 percent of the earth's terrestrial biodiversity is confined to these countries, which is the "raw material" for biotechnology, i.e., genes, folk varieties, land races to develop new varieties by biotechnology. Until the advent of molecular biology and genetic engineering, the success of plant breeding depended on access to genetic variability within a species. Genetic engineering has, however, rendered the transfer of genes across sexual barriers possible and has thus enhanced the economic value of biodiversity.

The developed countries are not rich in biogenetic resources but are better equipped in research and development. They use the biogenetic resources accessed from the developing countries. As a result, there is a beginning in the unprotected flow of genetic information from the developing countries to the capital-rich west, and a protected flow in the reverse direction mainly through patents and Plant Breeders' Rights (PBR). It has both visible and invisible impacts. Genetic erosion is one of the most important invisible impacts that is in the long run manifested visibly with the loss of biodiversity.

The Convention on Biological Diversity (CBD) 1992: Opened for signature at the Earth Summit in Rio de Janeiro in 1992, and entering into force in December 1993, the Convention on Biological Diversity is an international treaty for the conservation of biodiversity, the sustainable use of the components of biodiversity and the equitable sharing of the benefits derived from the use of genetic resources. The interface between biodiversity and intellectual property is shaped at the international level by several treaties and process, including at the WIPO, and the TRIPS Council of the WTO. With 193 Parties, the Convention has near universal participation among countries. The Convention seeks to address all threats to biodiversity and ecosystem services, including threats from climate change, through scientific assessments, the development of tools, incentives and processes, the transfer of technologies and good practices and the full and active involvement of relevant stakeholders including indigenous and local communities, youth, NGOs, women and the business community. The Cartagena Protocol on Bio safety is a subsidiary agreement to the Convention. It seeks to protect biological diversity from the potential risks posed by living modified organisms resulting from modern biotechnology.

The treaty defines biodiversity as "the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems."

The Convention reaffirms the principle of state sovereignty, which grants states sovereign rights to exploit their resources pursuant to their own environmental policies together with the responsibility to ensure that activities within their own jurisdiction or control do not cause damage to the environment of other states. The Biodiversity Convention also provides a general legal framework regulating access to biological resources and the sharing of benefits arising from their use. India is a party to the Convention on Biological Diversity (1992).

The Convention on Biological Diversity establishes important principles regarding the protection of biodiversity while recognizing the vast commercial value of the planet's store of germplasm. However, the expansion of international trade agreements establishing a global regime of intellectual property rights creates incentives that may destroy biodiversity, while undercutting social and economic development opportunities as well as cultural diversity. The member countries were pressurized to change their IPR laws to confirm to the TRIPS agreement.

India also followed the suit by placing in place legal frameworks for the management of biodiversity and Intellectual property laws. Following India's ratification of the Convention on Biological Diversity (CBD) at international level, the Biological Diversity Act, 2002 was adopted. The Biological Diversity Act aims at conservation of biological resources and associated knowledge as well as facilitating access to them in a sustainable manner and through a just process.

### Harmonization of CBD and TRIPs

The Convention on Biological Diversity (CBD) 1992: Opened for signature at the Earth Summit in Rio de Janeiro in 1992, and entering into force in December 1993, the Convention on Biological Diversity is an international treaty for the conservation of biodiversity, the sustainable use of the components of biodiversity and the equitable sharing of the benefits derived from the use of genetic resources. The interface between biodiversity and intellectual property is shaped at the international level by several treaties and process, including at the WIPO, and the TRIPS Council of the WTO. With 193 Parties, the Convention has near universal participation among countries. The Convention seeks to address all threats to biodiversity and ecosystem services, including threats from climate change, through scientific assessments, the development of tools, incentives and processes, the transfer of technologies and good practices and the full and active involvement of relevant stakeholders including indigenous and local communities, youth, NGOs, women and the business community. The Cartagena Protocol on Biosafety is a subsidiary agreement to the Convention. It seeks to protect biological diversity from the potential risks posed by living modified organisms resulting from modern biotechnology.

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While the TRIPS and the CBD both attempt to legislate some form of intellectual property and technology transfer, the Agreement appear to provide contradictory prescriptions for the control over genetic control over generic resources and biodiversity. The two Agreements embody and promote conflicting objectives, systems of right and obligations. The core issues is that, in the area of patentable subject matter, benefit sharing, protection of local knowledge, requirements of prior informed consent and role of state.

Major tension between the CBD and the TRIPS is related to the case of National Sovereignty and the Rights of IPR Holders. Through the CBD, countries have the right to regulate access of foreigners to biological resources and knowledge and to determine benefit sharing arrangements. The TRIPS enable persons or institutions to patent a country's biological resources in countries outside country of origin of the resources or knowledge. In this manner TRIPS facilitates the conditions for misappropriation of ownership or rights over living organisms, knowledge and processes on the use of biodiversity. The sovereignty of developing countries over their resources and over their right to exploit or use their resources as well as to determine access and benefit sharing arrangements are compromised. The patent confers exclusive rights on its owner to prevent third parties for making, using offering for sale, selling or importing the patent product and to prevent third parties from using the patent process. This makes it an offence for others to do so, except with the owner's permission, which is usually given only on license or payment royalty.

In brief, it could be rightly argues that the IPRs have the effect of preventing the free exchange of knowledge, of products of the knowledge and their use or production. This system of exclusive and private right is at odds with the traditional social and economic system in which local communities make use of and develop and nurture biodiversity.

Seeds and knowledge on crop varieties and medicinal plants are usually freely exchanged within the community. Knowledge is not confined or exclusive to individuals but shared and held collectively, and passed on and added to from generation to generation and also from locality to locality.

In the benefit sharing arrangements, a key aspect of the CBD is the one, which recognizes the sovereign rights of the states over their biodiversity and knowledge, and thus gives the State the right to regulate access and this in turn, enables the state to enforce its rights on arrangements for sharing benefits. Access where granted, shall be on mutually agreed terms (Art 15.4) and shall be subject to prior informed consent (Art 15.6). Most importantly, each country shall take legislative, administrative or policy measures with the aim of sharing in a fair and equitable way the results of research and development and the benefits arising from the commercial and other utilization of genetic resources with the contracting party providing such resources. Such sharing shall be upon mutually agreed terms.

The TRIPS is a devise with international intellectual property regime that maximizes the potential for both traditional knowledge and modern scientific innovations to contribute to economic progress. To achieve this goal, the TRIPS a need to be reviewed incorporated further;

- (i) Establish the concept of community property rights with respect to Traditional Knowledge recognition;
- (ii) Recognize communities' rights over their resources and TK;
- (iii) Recognizes safeguards and protect the TK, innovations, practices and technologies of indigenous and local people and communities;
- (iv) Mandate legal protection for TK;
- (v) Recognize the sovereign rights of states over their biodiversity and genetic resources;
- (vi) Mandate the principles of prior informed consent and benefit sharing when other countries access the biogenetic resources and local communities.

Such an amendment will restrict the inherent tension between the CBD and the TRIPS. It may also address the conflict between the private rights of IPR holders and the community rights of TK holders.

## LESSON ROUND UP

- Intellectual property (IP) refers to the creations of the human mind like inventions, literary and artistic works, and symbols, names, images and designs used in commerce.
- Intellectual property is divided into two categories: Industrial property, which includes inventions (patents), trademarks, industrial designs, and geographic indications of source; and Copyright, which includes literary and artistic works such as novels, poems and plays, films, musical works, artistic works such as drawings, paintings, photographs and sculptures, and architectural designs.
- The most noticeable difference between intellectual property and other forms of property, however, is that intellectual property is intangible, that is, it cannot be defined or identified by its own physical parameters.
- In the current knowledge-driven, private sector oriented economic development paradigm, the different types of intangible assets of a business are often more important and valuable than its tangible assets.
- A key subset of intangible assets is protected by what are labelled collectively as intellectual property rights (IPRs).
- India remains one of the world's most growing economies in past 20 years and the ballgame of entrepreneurship and industries is a key element for contribution outstanding growth of Indian economy.
- On one hand, where businesses and their successful run is vital to the growth of economy; on the same hand, a structured set of IP protection helps in the advancement and development of businesses under a hassle free environs.
- Henceforth, aligning the International practices, India too is having a systemized legal system to take care of IP protection.
- Before understanding the regulatory regime of Intellectual Property domestically as well as internationally, let us understand the various types of Intellectual Property along with their origin and development.
- Copyrights protect original works of authorship, such as literary works, music, dramatic works, pantomimes and choreographic works, sculptural, pictorial, and graphic works, sound recordings, artistic works, architectural works, and computer software.
- With copyright protection, the holder has the exclusive rights to modify, distribute, perform, create, display, and copy the work.
- A trademark is a word, phrase, symbol, or design that distinguishes the source of products (trademarks) or services (service marks) of one business from its competitors. In order to qualify for patent protection, the mark must be distinctive. For example, the Nike “swoosh” design identifies athletic footwear made by Nike.
- A patent grants proprietary rights on an invention, allowing the patent holder to exclude others from making, selling, or using the invention. Inventions allow many businesses to be successful because they develop new or better processes or products that offer competitive advantage on the marketplace.



- One could get a patent by filing a patent application with the Patent Office in India.
- Patent, in general parlance means, a monopoly given to the inventor on his invention to commercial use and exploit that invention in the market, to the exclusion of other, for a certain period. As per Section 2(1) (j) of the Patents Act, 1970, “invention” includes any new and useful;
  1. Art, process, method or manner of manufacture;
  2. Machine, apparatus or other article;
  3. Substance produced by manufacture, and includes any new and useful improvement of any of them, and an alleged invention
- In view of considerable progress made in the field of science and technology, a need was felt to provide more efficient legal system for the protection of industrial designs in order to ensure effective protection to registered designs, and to encourage design activity to promote the design element in an article of production.
- In this backdrop, The Designs Act of 1911 has been replaced by the Designs Act, 2000.
- The Designs Act, 2000 has been enacted essentially to balance these interests and to ensure that the law does not unnecessarily extend protection beyond what is necessary to create the required incentive for design activity while removing impediments to the free use of available designs.
- A utility model is an exclusive right granted for an invention, which allows the right holder to prevent others from commercially using the protected invention, without his authorization for a limited period of time. In its basic definition, which may vary from one country (where such protection is available) to another, a utility model is similar to a patent. In fact, utility models are sometimes referred to as “petty patents” or “innovation patents.”
- A trade secret can be protected for an unlimited period of time but a substantial element of secrecy must exist so that, except by the use of improper means, there would be difficulty in acquiring the information. Considering the vast availability of traditional knowledge in the country, the protection under this will be very crucial in reaping benefits from such type of knowledge.
- In order to have a comprehensive legislation for registration and for providing adequate protection to geographical indications and accordingly the Parliament has passed legislation, namely, the Geographical indication of Goods (Registration and Protection) Act, 1999. The legislation is administered through the Geographical Indication Registry under the overall charge of the Controller General of Patents, Designs and Trade Marks.
- The Convention on Biological Diversity establishes important principles regarding the protection of biodiversity while recognizing the vast commercial value of the planet’s store of germplasm.
- However, the expansion of international trade agreements establishing a global regime of intellectual property rights creates incentives that may destroy biodiversity, while undercutting social and economic development opportunities as well as cultural diversity.
- The member countries were pressurized to change their IPR laws to conform to the TRIPS agreement.
- India also followed the suit by placing in place legal frameworks for the management of biodiversity and Intellectual property laws.

- Following India's ratification of the Convention on Biological Diversity (CBD) at international level, the Biological Diversity Act, 2002 was adopted.
- The Biological Diversity Act aims at conservation of biological resources and associated knowledge as well as facilitating access to them in a sustainable manner and through a just process.

### SELF TEST QUESTION

*(These are meant for re-capitulation only. Answers to these questions are not to be submitted for evaluation)*

1. Write a brief note discussing the relativity between Intellectual Property and Business.
2. 'Over the past fifteen years, intellectual property rights have grown to a stature from where it plays a major role in the development of global economy.' In the light of this statement, write down a brief note on the recent development taken place in the regulatory regime of Intellectual Property in India.
3. What are points, one should consider while adopting a Trademark.
4. Discuss the process for the enforcement of Patent Rights.
5. Write a note on Utility Models.

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# Lesson 3

## Role of International Institutions

### LESSON OUTLINE

- Introduction to the leading International Instruments concerning Intellectual Property Rights
- The Berne Convention
- Universal Copyright Convention
- The Paris Convention, Patent Co-operation Treaty
- TRIPS
- The World Intellectual Property Organization (WIPO) and the UNESCO
- LESSON ROUND-UP
- SELF-TEST QUESTIONS

### LEARNING OBJECTIVES

Intellectual property has a dual nature, i.e. it has both a national and international dimension. The conduct of intellectual property as well as its protection both are governed by the national laws and regulations and international treaties, which jointly serves a consolidated set of Regulation of Intellectual Property Rights. In order to be homogeneous with the level of protection all over the world, we have leading international instruments and institutions.

This chapters aims at apprising the students about the leading International Instruments and International Institutions concerning Intellectual Property Rights and their impact in the Indian laws providing protection to intellectual Property Rights.

## INTRODUCTION TO THE LEADING INTERNATIONAL INSTRUMENTS CONCERNING INTELLECTUAL PROPERTY RIGHTS

Intellectual property has a dual nature, i.e. it has both a national and international dimension. For instance, patents are governed by national laws and rules of a given country, while international conventions on patents ensure minimum rights and provide certain measures for enforcement of rights by the contracting states. Strong protection for intellectual property rights (IPR) worldwide is vital to the future economic growth and development of all countries. Because they create common rules and regulations, international IPR treaties, in turn, are essential to achieving the robust intellectual property protection that spurs global economic expansion and the growth of new technologies.

List of some leading Instruments concerning Intellectual Property Rights is as below:

1. The Paris Convention for the Protection of Industrial Property(1883)
2. The Berne Convention for the Protection of Literary and Artistic Works (1886)
3. The WIPO Copyright Treaty (WCT)
4. The Patent Cooperation Treaty (PCT)
5. Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure
6. The Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to the Madrid Agreement
7. The Hague Agreement Concerning the International Deposit of Industrial Designs
8. The Trademark Law Treaty (TLT)
9. The Patent Law Treaty (PLT)
10. Treaties on Classification
11. Special Conventions in the Field of Related Rights: The International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations ("the Rome Convention")
12. Other Special Conventions in the Field of Related Rights
13. The WIPO Performances and Phonograms Treaty (WPPT)
14. The International Convention for the Protection of New Varieties of Plants
15. The Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS") and WIPO-WTO Cooperation

S.N.	International Instrument	Summary
1	The Paris Convention for the Protection of Industrial Property ,1883	The Paris Convention for the Protection of Industrial Property, signed in Paris, France, on 20 March 1883, was one of the first intellectual property treaties. It established a Union for the protection of industrial property. The Convention is still in force. The substantive provisions of the Convention fall into three main categories: national treatment, priority right and common rules.

2	The Berne Convention for the Protection of Literary and Artistic Works, 1886	The Berne Convention, adopted in 1886, deals with the protection of works and the rights of their authors. It provides creators such as authors, musicians, poets, painters etc. with the means to control how their works are used, by whom, and on what terms. It is based on three basic principles and contains a series of provisions determining the minimum protection to be granted, as well as special provisions available to developing countries that want to make use of them.
3	The WIPO Copyright Treaty (WCT) Signed 1996, Effective 2002	The WIPO Copyright Treaty (WCT) is a special agreement under the Berne Convention which deals with the protection of works and the rights of the authors in the digital environment. In addition to the rights recognized by the Berne Convention, certain economic rights are also granted. The Treaty also deals with two subject matters to be protected by copyright: (i) computer programs, whatever the mode or form of their expression; and (ii) compilations of data or other material ("databases").
4	The Patent Cooperation Treaty (PCT) ,1970	The Patent Cooperation Treaty (PCT) makes it possible to seek patent protection for an invention simultaneously in each of a large number of countries by filing an "international" patent application. Such an application may be filed by anyone who is a national or resident of a PCT Contracting State. It may generally be filed with the national patent office of the Contracting State of which the applicant is a national or resident or, at the applicant's option, with the International Bureau of WIPO in Geneva.
5	Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure, 1977	Adopted in 1977, the Budapest Treaty concerns a specific topic in the international patent process: microorganisms. All states party to the Treaty are obliged to recognize microorganisms deposited as a part of the patent procedure, irrespective of where the depository authority is located. In practice this means that the requirement to submit microorganisms to each and every national authority in which patent protection is sought no longer exists.

6	<p>The Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to the Madrid Agreement, 1891</p>	<p>The Madrid System for the International Registration of Marks is governed by two treaties:</p> <p>The Madrid Agreement, concluded in 1891 and revised at Brussels (1900), Washington (1911),</p> <p>The Hague (1925), London (1934), Nice (1957) and Stockholm (1967), and amended in 1979, and</p> <p>The Protocol relating to that Agreement, concluded in 1989, which aims to make the Madrid system more flexible and more compatible with the domestic legislation of certain countries or intergovernmental organizations that had not been able to accede to the Agreement.</p> <p>States and organizations party to the Madrid system are collectively referred to as Contracting Parties.</p> <p>The system makes it possible to protect a mark in a large number of countries by obtaining an international registration that has effect in each of the designated Contracting Parties.</p>
7	<p>The Hague Agreement Concerning the International Deposit of Industrial Designs, 1925</p>	<p>The Hague Agreement Concerning the International Deposit of Industrial Designs, also known as the Hague system provides a mechanism for registering an industrial design in several countries by means of a single application, filed in one language, with one set of fees. The system is administered by WIPO.</p> <p>The Hague Agreement consists of several separate treaties, the most important of which are: the Hague Agreement of 1925, the London Act of 2 June 1934, the Hague Act of 28 November 1960 (amended by the Stockholm Act), and the Geneva Act of 2 July 1999.</p> <p>The original version of the Agreement (the 1925 Hague version) is no longer applied, since all states parties signed up to subsequent instruments. The 1934 London Act formally applied between a London act states that did not sign up to the Hague and/or Geneva Act in relation with other London act states until October 2016. Since 1 January 2010, however, the application of this act had already been frozen.</p> <p>Countries can become a party to the 1960 (Hague) Act, the 1999 (Geneva) Act, or both. If a country signs up to only one Act, then applicants from that country can only use the Hague system to obtain protection for their designs in other countries which are signed up to the same Act. For instance, because the Japan has only signed up to the 1999 (Geneva) Act, applicants which qualify to use the Hague system because their domicile is in the European Union can only get protection in countries which have also signed up to the 1999 Act or to both the 1999 and 1960 Acts.</p>

8.	Trademark Law Treaty (TLT),1994	The aim of the Trademark Law Treaty (TLT) is to standardize and streamline national and regional trademark registration procedures. This is achieved through the simplification and harmonization of certain features of those procedures, thus making trademark applications and the administration of trademark registrations in multiple jurisdictions less complex and more predictable.
9.	The Patent Law Treaty (PLT),2000	The Patent Law Treaty (PLT) was adopted in 2000 with the aim of harmonizing and streamlining formal procedures with respect to national and regional patent applications and patents and making such procedures more user friendly. With the significant exception of filing date requirements, the PLT provides the maximum sets of requirements the office of a Contracting Party may apply.
10.	Treaties on Classification,1957	As early as the nineteenth century, it was recognized that in all the major fields of industrial property — patents, trademarks and industrial designs — it was essential to create classification systems. The reasons were, immediately, administrative order for handling and registration within national industrial property offices, and, progressively thereafter, organized documentation to create conditions for easier retrieval, examination and other search procedures, and the need for harmonization on an international scale, in order to facilitate and further promote growing international cooperation in these fields. Although the International Patent Classification (IPC) was among the later classification agreements to be signed, it is dealt with below as the first, to reflect its particular worldwide importance, its long antecedents and the volume of documentation that it has generated.
11.	Special Conventions in the Field of Related Rights: The International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (“the Rome Convention”),1961	The Rome Convention secures protection in performances for performers, in phonograms for producers of phonograms and in broadcasts for broadcasting organizations. WIPO is responsible for the administration of the convention jointly with the International Labour Organization (ILO) and the United Nations Educational, Scientific and Cultural Organization (UNESCO).

12.	Other Special Conventions in the Field of Related Rights, (1971,1974)	<p>Besides the Rome Convention of 1961, a basic legal instrument discussed in the previous section, two other international instruments have been drawn up with regard to certain related rights. These are the Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms, concluded in Geneva in October 1971 and generally referred to as “the Phonograms Convention,” and the Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite, concluded in Brussels in May 1974 and known briefly as “the Satellites Convention.” These two Conventions are also within the area of related rights, and their purpose is to protect producers of phonograms and broadcasting organizations, respectively, against certain prejudicial acts that have been widely recognized as infringements or acts of piracy.</p> <p>With regard to the Rome Convention, the Phonograms Convention and the Satellites Convention may be regarded as special agreements, the conclusion of which is reserved for Contracting States insofar as the agreements grant to performers, producers of phonograms or broadcasting organizations more extensive rights than those granted by the Rome Convention, or contain other provisions not contrary to that Convention (Article 22 of the Rome Convention).</p>
13.	The WIPO Performances and Phonograms Treaty (WPPT), 1980	<p>The WIPO Diplomatic Conference on Certain Copyright and Neighboring Rights Questions, held in Geneva in December 1996, adopted two treaties: the WIPO Copyright Treaty (the third section dealt with in this chapter) and the WIPO Performances and Phonograms Treaty (WPPT).</p> <p>In view of the technological developments of the 1980s, as also in the field of copyright, it was recognized that guidance in the form of recommendations, guiding principles and model provisions would no longer suffice, and that binding new norms were indispensable. The WCT and the WPPT were prepared in parallel at the same Diplomatic Conference.</p>
14.	The International Convention for the Protection of New Varieties of Plants, 1961	<p>The International Union for the Protection of New Varieties of Plants (UPOV) is an intergovernmental organization with headquarters in Geneva (Switzerland).</p> <p>UPOV was established by the International Convention for the Protection of New Varieties of Plants. The Convention was adopted in Paris in 1961 and it was revised in 1972, 1978 and 1991.</p> <p>UPOV’s mission is to provide and promote an effective system of plant variety protection, with the aim of encouraging the development of new varieties of plants, for the benefit of society.</p>



15.	<p>The Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS") and WIPO-WTO Cooperation, 1994</p>	<p>Uruguay Round Agreement: TRIPS Trade- Related Aspects of Intellectual Property Rights.</p> <p>The TRIPS Agreement is Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization, signed in Marrakesh, Morocco on 15 April 1994.</p> <p>Desiring to reduce distortions and impediments to international trade, and taking into account the need to promote effective and adequate protection of intellectual property rights, and to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade;</p> <p>Recognizing, to this end, the need for new rules and disciplines concerning:</p> <ul style="list-style-type: none"> <li>(a) the applicability of the basic principles of GATT 1994 and of relevant international intellectual property agreements or conventions;</li> <li>(b) the provision of adequate standards and principles concerning the availability, scope and use of trade-related intellectual property rights;</li> <li>(c) the provision of effective and appropriate means for the enforcement of trade-related intellectual property rights, taking into account differences in national legal systems;</li> <li>(d) the provision of effective and expeditious procedures for the multilateral prevention and settlement of disputes between governments; and</li> <li>(e) transitional arrangements aiming at the fullest participation in the results of the negotiations;</li> </ul> <p>Recognizing the need for a multilateral framework of principles, rules and disciplines dealing with international trade in counterfeit goods;</p> <p>Recognizing that intellectual property rights are private rights;</p> <p>Recognizing the underlying public policy objectives of national systems for the protection of intellectual property, including developmental and technological objectives;</p> <p>Recognizing also the special needs of the least- developed country Members in respect of maximum flexibility in the domestic implementation of laws and regulations in order to enable them to create a sound and viable technological base;</p> <p>Emphasizing the importance of reducing tensions by reaching strengthened commitments to resolve disputes on trade-related intellectual property issues through multilateral procedures;</p>
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		Desiring to establish a mutually supportive relationship between the WTO and the World Intellectual Property Organization (referred to in this Agreement as “WIPO”) as well as other relevant international organizations.
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## THE BERNE CONVENTION

The Berne Convention deals with the protection of works and the rights of their authors. It is based on three basic principles and contains a series of provisions determining the minimum protection to be granted, as well as special provisions available to developing countries that want to make use of them.

(1) The three basic principles are the following:

- (a) Works originating in one of the Contracting States (that is, works the author of which is a national of such a State or works first published in such a State) must be given the same protection in each of the other Contracting States as the latter grants to the works of its own nationals (principle of “national treatment”).<sup>1</sup>
- (b) Protection must not be conditional upon compliance with any formality (principle of “automatic” protection).
- (c) Protection is independent of the existence of protection in the country of origin of the work (principle of “independence” of protection). If, however, a Contracting State provides for a longer term of protection than the minimum prescribed by the Convention and the work ceases to be protected in the country of origin, protection may be denied once protection in the country of origin ceases.

(2) The minimum standards of protection relate to the works and rights to be protected, and to the duration of protection:

- (a) As to works, protection must include “every production in the literary, scientific and artistic domain, whatever the mode or form of its expression” (Article 2(1) of the Convention).
- (b) Subject to certain allowed reservations, limitations or exceptions, the following are among the rights that must be recognized as exclusive rights of authorization:
  - the right to translate,
  - the right to make adaptations and arrangements of the work,
  - the right to perform in public dramatic, dramatico-musical and musical works,
  - the right to recite literary works in public,
  - the right to communicate to the public the performance of such works,
  - the right to broadcast (with the possibility that a Contracting State may provide for a mere right to equitable remuneration instead of a right of authorization),
  - the right to make reproductions in any manner or form (with the possibility that a Contracting State may permit, in certain special cases, reproduction without authorization, provided that the

1. Under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), the principles of national treatment, automatic protection and independence of protection also bind those World Trade Organization (WTO) Members not party to the Berne Convention. In addition, the TRIPS Agreement imposes an obligation of “most-favored-nation treatment”, under which advantages accorded by a WTO Member to the nationals of any other country must also be accorded to the nationals of all WTO Members. It is to be noted that the possibility of delayed application of the TRIPS Agreement does not apply to national treatment and most-favored obligations.

reproduction does not conflict with the normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author; and the possibility that a Contracting State may provide, in the case of sound recordings of musical works, for a right to equitable remuneration),

- the right to use the work as a basis for an audiovisual work, and the right to reproduce, distribute, perform in public or communicate to the public that audiovisual work.<sup>2</sup>

The Convention also provides for “moral rights”, that is, the right to claim authorship of the work and the right to object to any mutilation, deformation or other modification of, or other derogatory action in relation to, the work that would be prejudicial to the author’s honor or reputation.

- (c) As to the duration of protection, the general rule is that protection must be granted until the expiration of the 50th year after the author’s death. There are, however, exceptions to this general rule. In the case of anonymous or pseudonymous works, the term of protection expires 50 years after the work has been lawfully made available to the public, except if the pseudonym leaves no doubt as to the author’s identity or if the author discloses his or her identity during that period; in the latter case, the general rule applies. In the case of audiovisual (cinematographic) works, the minimum term of protection is 50 years after the making available of the work to the public (“release”) or – failing such an event – from the creation of the work. In the case of works of applied art and photographic works, the minimum term is 25 years from the creation of the work.<sup>3</sup>

(3) The Berne Convention allows certain limitations and exceptions on economic rights, that is, cases in which protected works may be used without the authorization of the owner of the copyright, and without payment of compensation. These limitations are commonly referred to as “free uses” of protected works, and are set forth in Articles 9(2) (reproduction in certain special cases), 10 (quotations and use of works by way of illustration for teaching purposes), 10bis (reproduction of newspaper or similar articles and use of works for the purpose of reporting current events) and 11bis (3) (ephemeral recordings for broadcasting purposes).

(4) The Appendix to the Paris Act of the Convention also permits developing countries to implement non-voluntary licenses for translation and reproduction of works in certain cases, in connection with educational activities. In these cases, the described use is allowed without the authorization of the right holder, subject to the payment of remuneration to be fixed by the law.

The Berne Union has an Assembly and an Executive Committee. Every country that is a member of the Union and has adhered to at least the administrative and final provisions of the Stockholm Act is a member of the Assembly. The members of the Executive Committee are elected from among the members of the Union, except for Switzerland, which is a member *ex officio*.

The establishment of the biennial program and budget of the WIPO Secretariat – as far as the Berne Union is concerned – is the task of its Assembly.

The Berne Convention, concluded in 1886, was revised at Paris in 1896 and at Berlin in 1908, completed at Berne in 1914, revised at Rome in 1928, at Brussels in 1948, at Stockholm in 1967 and at Paris in 1971, and was amended in 1979.

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2. Under the TRIPS Agreement, an exclusive right of rental must be recognized in respect of computer programs and, under certain conditions, audiovisual works

3. Under the TRIPS Agreement, any term of protection that is calculated on a basis other than the life of a natural person must be at least 50 years from the first authorized publication of the work, or – failing such an event – 50 years from the making of the work. However, this rule does not apply to photographic works, or to works of applied art.

The Convention is open to all States. Instruments of ratification or accession must be deposited with the Director General of WIPO.<sup>4</sup>

## UNIVERSAL COPYRIGHT CONVENTION

The Universal Copyright Convention (UCC), adopted in Geneva, Switzerland, in 1952, is one of the two principal international conventions protecting copyright; the other is the Berne Convention.

The UCC was developed by United Nations Educational, Scientific and Cultural Organization (UNESCO) as an alternative to the Berne Convention for those states which disagreed with aspects of the Berne Convention, but still wished to participate in some form of multilateral copyright protection. These states included developing countries as well as the United States and most of Latin America. The former thought that the strong copyright protections granted by the Berne Convention overly benefited Western, developed, copyright-exporting nations, whereas the latter two were already members of the Buenos Aires Convention, a Pan-American copyright convention that was weaker than the Berne Convention. The Berne Convention states also became party to the UCC, so that their copyrights would exist in non-Berne convention states. In 1973, the Soviet Union joined the UCC.

The United States only provided copyright protection for a fixed, renewable term, and required that in order for a work to be copyrighted it must contain a copyright notice and be registered at the Copyright Office. The Berne Convention, on the other hand, provided for copyright protection for a single term based on the life of the author, and did not require registration or the inclusion of a copyright notice for copyright to exist. Thus the United States would have to make several major modifications to its copyright law in order to become a party to it. At the time the United States was unwilling to do so. The UCC thus permits those states which had a system of protection similar to the United States for fixed terms at the time of signature to retain them. Eventually the United States became willing to participate in the Berne convention, and change its national copyright law as required. In 1989 it became a party to the Berne Convention as a result of the Berne Convention Implementation Act of 1988.

Under the Second Protocol of the Universal Copyright Convention (Paris text), protection under U.S. copyright law is expressly required for works published by the United Nations, by UN specialized agencies and by the Organization of American States (OAS). The same requirement applies to other contracting states as well.

Berne Convention states were concerned that the existence of the UCC would encourage parties to the Berne Convention to leave that convention and adopt the UCC instead. So the UCC included a clause stating that parties which were also Berne Convention parties need not apply the provisions of the Convention to any former Berne Convention state which renounced the Berne Convention after 1951. Thus any state which adopts the Berne Convention is penalised if it then decides to renounce it and use the UCC protections instead, since its copyrights might no longer exist in Berne Convention states.

Since almost all countries are either members or aspiring members of the World Trade Organization (WTO), and are thus conforming to the Agreement on Trade-Related Aspects of Intellectual Property Rights Agreement (TRIPS), the UCC has lost significance.

## THE PARIS CONVENTION

The Paris Union, established by the Convention, has an Assembly and an Executive Committee. Every State member of the Union which has adhered to at least the administrative and final provisions of the Stockholm Act (1967) is a member of the Assembly. The members of the Executive Committee are elected from among the members of the Union, except for Switzerland, which is a member ex officio.

*4. It is to be noted that WTO Members, even those not party to the Berne Convention, must comply with the substantive law provisions of the Berne Convention, except that WTO Members not party to the Convention are not bound by the moral rights provisions of the Convention*

The Paris Convention, concluded in 1883, was revised at Brussels in 1900, at Washington in 1911, at The Hague in 1925, at London in 1934, at Lisbon in 1958 and at Stockholm in 1967, and it was amended in 1979.

The Convention applies to industrial property in the widest sense, including patents, marks, industrial designs, utility models, trade names, geographical indications and the repression of unfair competition. The substantive provisions of the Convention may be divided into three main categories namely national treatment, right of priority, common rules. (Refer lesson four for explanation)

### **PATENT CO-OPERATION TREATY**

The Patent Cooperation Treaty (PCT) is an international patent law treaty, concluded in 1970. It provides a unified procedure for filing patent applications to protect inventions in each of its contracting states. A patent application filed under the PCT is called an international application, or PCT application.

A single filing of a PCT application is made with a Receiving Office (RO) in one language. It then results in a search performed by an International Searching Authority (ISA), accompanied by a written opinion regarding the patentability of the invention, which is the subject of the application. It is optionally followed by a preliminary examination, performed by an International Preliminary Examining Authority (IPEA). Finally, the relevant national or regional authorities administer matters related to the examination of application (if provided by national law) and issuance of patent.

A PCT application does not itself result in the grant of a patent, since there is no such thing as an “international patent”, and the grant of patent is a prerogative of each national or regional authority. In other words, a PCT application, which establishes a filing date in all contracting states, must be followed up with the step of entering into national or regional phases to proceed towards grant of one or more patents. The PCT procedure essentially leads to a standard national or regional patent application, which may be granted or rejected according to applicable law, in each jurisdiction in which a patent is desired.

The Patent Cooperation Treaty (PCT) assists applicants in seeking patent protection internationally for their inventions, helps patent Offices with their patent granting decisions, and facilitates public access to a wealth of technical information relating to those inventions. By filing one international patent application under the PCT, applicants can simultaneously seek protection for an invention in a very large number of countries.

The contracting states, the states which are parties to the PCT, constitute the International Patent Cooperation Union.

### **TRADE RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS (TRIPS) AGREEMENT**

With the establishment of the world trade Organization (WTO), the importance and role of the intellectual property protection has been crystallized in the Trade-Related Intellectual Property Systems (TRIPS) Agreement. It was negotiated at the end of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) treaty in 1994.

The general goals of the TRIPS Agreement are contained in the Preamble to the Agreement, which reproduces the basic Uruguay Round negotiating objectives established in the TRIPS area by the 1986 Punta del Este Declaration and the 1988-89 Mid-Term Review. These objectives include

- a) the reduction of distortions and impediments to international trade,
- b) promotion of effective and adequate of intellectual property rights, and
- c) ensuring that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade.

The TRIPS Agreement encompasses, in principle, all forms of intellectual property and aims at harmonizing and strengthening standards of protection and providing for effective enforcement at both national and international levels. It addresses applicability of general GATT principles as well as the provisions in international agreements on IP (Part I). It establishes standards for availability, scope, use (Part II), enforcement (Part III), acquisition and maintenance (Part IV) of Intellectual Property Rights. Furthermore, it addresses related dispute prevention and settlement mechanisms (Part V). Formal provisions are addressed in Part VI and VII of the Agreement, which cover transitional and institutional arrangements, respectively.

The obligations under TRIPS apply equally to all member states. However developing countries were allowed extra time to implement the applicable changes to their national laws, in two tiers of transition according to their level of development. The transition period for developing countries expired in 2005. For least developed countries, the transition period has been extended to 2016, and could be extended beyond that.

The TRIPS Agreement, which came into effect on 1 January 1995, is to date the most comprehensive multilateral agreement on intellectual property. The areas of intellectual property that it covers are:

- (i) Copyright and related rights (i.e. the rights of performers, producers of sound recordings and broadcasting organizations);
- (ii) Trade marks including service mark
- (iii) Geographical indications including appellations of origin;
- (iv) Industrial designs;
- (v) Patents including protection of new varieties of plants;
- (vi) The lay-out designs (topographies) of integrated circuits;
- (vii) The undisclosed information including trade secrets and test data. Issues Covered under TRIPS Agreement

The TRIPS agreement broadly focuses on following issues:

- How basic principles of the trading system and other international intellectual property agreements should be applied.
- How to give adequate protection to intellectual property rights.
- How countries should enforce those rights adequately in their own territories.
- How to settle disputes on intellectual property between members of the WTO.
- Special transitional agreements during the period when the new system is being introduced.

### Features of the Agreement

The main three features of the TRIPS Agreement are as follows-

**Standards:** The TRIPS Agreement sets out the minimum standards of protection to be provided by each Member.

**Enforcement:** The second main set of provisions deals with domestic procedures and remedies for the enforcement of intellectual property rights. The Agreement lays down certain general principles applicable to all IPR enforcement procedures.

**Dispute settlement:** The Agreement makes disputes between WTO Members about the respect of the TRIPS



obligations subject to the WTO's dispute settlement procedures.

In addition the Agreement provides for certain basic principles, such as national and most-favoured-nation treatment (non-discrimination), and some general rules to ensure that procedural difficulties in acquiring or maintaining IPRs do not nullify the substantive benefits that should flow from the Agreement.

The TRIPS Agreement is a minimum standards agreement, which allows Members to provide more extensive protection of intellectual property if they so wish. Members are left free to determine the appropriate method of implementing the provisions of the Agreement within their own legal system and practice.

### **Protection of Intellectual Property under TRIPS**

The TRIPS Agreement provides for protection of various kinds of intellectual property rights to ensure that adequate standards of protection exist in all member countries. The starting point is the obligations of the main international agreement of the World Intellectual Property Organization (WIPO) that already existed before the WTO was created; namely, the Paris Convention for the Protection of Industrial Property (patents, industrial designs, etc.) and the Berne Convention for the Protection of Literary and Artistic Works (copyright). However, some areas were not covered by these conventions while in some cases, the standards of protection prescribed were thought inadequate. So the TRIPS agreement adds a significant number of new or higher standards for the protection of intellectual property rights. Part II of the Agreement addresses, in its various sections, the different kinds of IPR and establishes standards for each category.

### **Copyright and Related Rights**

The TRIPS Agreement requires member countries to comply with the basic standards of the Berne Convention. This is expressed in Article 9.1 of the Agreement which makes reference to the Berne Convention for the Protection of Literary and Artistic Works of 1971 and establishes that Members should comply with Articles 1 through 21 and the Appendix thereto.

However, Members do not have rights or obligations under the TRIPS Agreement in respect of the rights conferred under Article 6bis of that Convention, i.e. the moral rights (the right to claim authorship and to object to any derogatory action in relation to a work, which would be prejudicial to the author's honour or reputation), or of the rights derived therefrom. The provisions of the Berne Convention referred to deal with questions such as subject-matter to be protected, minimum term of protection, and rights to be conferred and permissible limitations to those rights. The Appendix allows developing countries, under certain conditions, to make some limitations to the right of translation and the right of reproduction. That apart, the TRIPS Agreement clarifies and adds certain specific points.

Article 9.2 of the Agreement confirms that copyright protection shall extend to expressions and not to ideas, procedures, and methods of operation or mathematical concepts as such.

**Computer programs and Compilation:** Article 10.1 provides that computer programs, whether in source or object code, shall be protected as literary works under the Berne Convention (1971). This provision confirms that computer programs must be protected under copyright and that those provisions of the Berne Convention that apply to literary works shall be applied also to them. It confirms further, that the form in which a program is, whether in source or object code, does not affect the protection. The obligation to protect computer programs as literary works means e.g. that only those limitations that are applicable to literary works may be applied to computer programs. It also confirms that the general term of protection of 50 years applies to computer programs. Possible shorter terms applicable to photographic works and works of applied art may not be applied.

Article 10.2 clarifies that compilation of data or other material shall be protected as such under copyright even

where the databases include data that as such are not protected under copyright. Databases are eligible for copyright protection provided that they by reason of the selection or arrangement of their contents constitute intellectual creations. The provision also confirms that databases have to be protected regardless of which form they are in, whether machine readable or other form. Furthermore, the provision clarifies that such protection shall not extend to the data or material itself, and that it shall be without prejudice to any copyright subsisting in the data or material itself.

**Rental Rights:** Article 11 provides that authors shall have, in respect of at least computer programs and in certain circumstances, of cinematographic works, the right to authorize or to prohibit the commercial rental to the public of originals or copies of their copyright works. With respect to cinematographic works, the exclusive rental right is subject to the so-called impairment test: a Member is exempted from the obligation unless such rental has led to widespread copying of such works which is materially impairing the exclusive right of reproduction conferred in that Member on authors and their successors in title. In respect of computer programs, the obligation does not apply to rentals where the program itself is not the essential object of the rental.

**Term of protection:** According to the general rule contained in Article 7(1) of the Berne Convention as incorporated into the TRIPS Agreement, the term of protection shall be the life of the author and 50 years after his death. Paragraphs 2 and 4 of that Article specifically allow shorter terms in certain cases. These provisions are supplemented by Article 12 of the TRIPS Agreement, which provides that whenever the term of protection of a work, other than a photographic work or a work of applied art, is calculated on a basis other than the life of a natural person, such term shall be no less than 50 years from the end of the calendar year of authorized publication or failing such authorized publication within 50 years from the making of the work, 50 years from the end of the calendar year of making.

**Limitations and Exceptions:** Article 13 requires Members to confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and makes it clear that they must be applied in a manner that does not prejudice the legitimate interests of the right holder.

**Protection of Performers, Producers of Phonograms and Broadcasting Organizations:** The provisions on protection of performers, producers of phonograms and broadcasting organizations are included in Article 14. According to Article 14.1, performers shall have the possibility of preventing the unauthorized fixation of their performance on a phonogram (e.g. the recording of a live musical performance). The fixation right covers only aural, not audiovisual fixations. Performers must also be in a position to prevent the reproduction of such fixations. They shall also have the possibility of preventing the unauthorized broadcasting by wireless means and the communication to the public of their live performance.

In accordance with Article 14.2, Members have to grant producers of phonograms an exclusive reproduction right. In addition to this, they have to grant, in accordance with Article 14.4, an exclusive rental right at least to producers of phonograms. The provisions on rental rights apply also to any other right holders in phonograms as determined in national law. This right has the same scope as the rental right in respect of computer programs. Therefore it is not subject to the impairment test as in respect of cinematographic works. However, it is limited by a so-called grand-fathering clause, according to which a Member, which on 15 April 1994, i.e. the date of the signature of the Marrakesh Agreement, had in force a system of equitable remuneration of right holders in respect of the rental of phonograms, may maintain such system provided that the commercial rental of phonograms is not giving rise to the material impairment of the exclusive rights of reproduction of right holders.

Broadcasting organizations shall have, in accordance with Article 14.3, the right to prohibit the unauthorized fixation, the reproduction of fixations, and the re-broadcasting by wireless means of broadcasts, as well as the communication to the public of their television broadcasts. However, it is not necessary to grant such rights



to broadcasting organizations, if owners of copyright in the subject-matter of broadcasts are provided with the possibility of preventing these acts, subject to the provisions of the Berne Convention.

Any Member may, in relation to the protection of performers, producers of phonograms and broadcasting organizations, provide for conditions, limitations, exceptions and reservations to the extent permitted by the Rome Convention [Article 14.6].

The term of protection as per Article 14.5 is at least 50 years for performers and producers of phonograms, and 20 years for broadcasting organizations.

## Trademarks

**Protectable subject matter:** The basic rule contained in Article 15 of the TRIPS Agreement is that any sign, or any combination of signs, capable of distinguishing the goods and services of one undertaking from those of other undertakings, must be eligible for registration as a trademark, provided that it is visually perceptible. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, must be eligible for registration as trademarks.

Where signs are not inherently capable of distinguishing the relevant goods or services, Member countries are allowed to require, as an additional condition for eligibility for registration as a trademark, that distinctiveness which has been acquired through use. Members are free to determine whether to allow the registration of signs that is not visually perceptible (e.g. sound or smell marks).

Members may make registrability depend on use. However, actual use of a trademark shall not be permitted as a condition for filing an application for registration, and at least three years must have passed after that filing date before failure to realize intent to use is allowed as the ground for refusing the application (Article 14.3).

The Agreement requires service marks to be protected in the same way as marks distinguishing goods.

**Rights Conferred:** The owner of a registered trademark must be granted the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered, where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion must be presumed (Article 16.1).

The TRIPS Agreement contains certain provisions on well-known marks, which supplement the protection required by Article 6bis of the Paris Convention, as incorporated by reference into the TRIPS Agreement, which obliges Members to refuse or to cancel the registration, and to prohibit the use of a mark conflicting with a mark which is well known. First, the provisions of that Article must be applied also to services. Second, it is required that knowledge in the relevant sector of the public acquired not only as a result of the use of the mark but also by other means, including as a result of its promotion, be taken into account. Furthermore, the protection of registered well-known marks must extend to goods or services which are not similar to those in respect of which the trademark has been registered, provided that its use would indicate a connection between those goods or services and the owner of the registered trademark, and the interests of the owner are likely to be damaged by such use (Articles 16.2 and 3).

**Exceptions:** Members may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties (Article 17).

**Term of protection:** Initial registration and each renewal of registration, of a trademark shall be for a term of no less than seven years. The registration of a trademark shall be renewable indefinitely (Article 18).

**Requirement of Use:** Cancellation of a mark on the grounds of non-use cannot take place before three years of uninterrupted non-use has elapsed unless valid reasons based on the existence of obstacles to such use are shown by the trademark owner. Circumstances arising independently of the will of the owner of the trademark, such as import restrictions or other government restrictions, shall be recognized as valid reasons of non-use. Use of a trademark by another person, when subject to the control of its owner, must be recognized as use of the trademark for the purpose of maintaining the registration (Article 19).

It is further required that use of the trademark in the course of trade shall not be unjustifiably encumbered by special requirements, such as use with another trademark, use in a special form, or use in a manner detrimental to its capability to distinguish the goods or services (Article 20).

**Licensing and Assignment:** Members may determine conditions on the licensing and assignment of trademarks. Compulsory licensing of trade marks is not permitted (Article 21).

### Geographical indications

Place names are sometimes used to identify a product. Well-known examples include “Champagne”, “Scotch”, “Tequila”, and “Roquefort” cheese, ‘Basmati’ rice and ‘Darjeeling’ Tea. Wine and spirits makers are particularly concerned about the use of place-names to identify products and the TRIPs agreement contains special provisions for these products.

Geographical indications are defined, for the purposes of the Agreement, as indications which identify goods as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin (Article 22.1).

In respect of all geographical indications, interested parties must have legal means to prevent use of indications which mislead the public as to the geographical origin of the good, and use which constitutes an act of unfair competition within the meaning of Article 10bis of the Paris Convention (Article 22.2).

The registration of a trademark which uses a geographical indication in a way that misleads the public as to the true place of origin must be refused or invalidated ex officio if the legislation so permits or at the request of an interested party (Article 22.3).

**Protection for Wines and Spirits:** Article 23 provides that interested parties must have the legal means to prevent the use of a geographical indication identifying wines for wines not originating in the place indicated by the geographical indication. This applies even where the public is not being misled, there is no unfair competition and the true origin of the good is indicated or the geographical indication is accompanied by expressions such as “kind”, “type”, “style”, “imitation” or the like. Similar protection must be given to geographical indications identifying spirits when used on spirits. Protection against registration of a trademark must be provided accordingly.

**Exceptions:** Article 24 contains a number of exceptions to the protection of geographical indications. These exceptions are of particular relevance in respect of the additional protection for geographical indications for wines and spirits. For example, Members are not obliged to bring a geographical indication under protection, where it has become a generic term for describing the product in question (paragraph 6). Measures to implement these provisions shall not prejudice prior trademark rights that have been acquired in good faith (paragraph 5). Under certain circumstances, continued use of a geographical indication for wines or spirits may be allowed on a scale and nature as before (paragraph 4). Members availing themselves of the use of these exceptions must be willing to enter into negotiations about their continued application to individual geographical indications (paragraph 1). The exceptions cannot be used to diminish the protection of geographical indications that existed prior to the entry into force of the TRIPs Agreement (paragraph 3). The TRIPs Council shall keep under review

the application of the provisions on the protection of geographical indications (paragraph 2).

## Industrial Designs

**Requirements for Protection:** Article 25.1 of the TRIPS Agreement obliges Members to provide for the protection of independently created industrial designs that are new or original. Members may provide that designs are not new or original if they do not significantly differ from known designs or combinations of known design features. Members may provide that such protection shall not extend to designs dictated essentially by technical or functional considerations.

Article 25.2 contains a special provision aimed at taking into account the short life cycle and sheer number of new designs in the textile sector; requirements for securing protection of such designs, in particular in regard to any cost, examination or publication, must not unreasonably impair the opportunity to seek and obtain such protection. Members are free to meet this obligation through industrial design law or through copyright law.

**Protection:** Article 26.1 requires Members to grant the owner of a protected industrial design the right to prevent third parties not having the owner's consent from making, selling or importing articles bearing or embodying a design which is a copy, or substantially a copy, of the protected design, when such acts are undertaken for commercial purposes.

Article 26.2 allows Members to provide limited exceptions to the protection of industrial designs, provided that such exceptions do not unreasonably conflict with the normal exploitation of protected industrial designs and do not unreasonably prejudice the legitimate interests of the owner of the protected design, taking account of the legitimate interests of third parties.

**Duration of protection:** The duration of protection available shall amount to at least 10 years.

## Patents

**Patentable Subject Matter:** The TRIPS Agreement requires Member countries to make patents available for any inventions, whether products or processes, in all fields of technology without discrimination, subject to the normal tests of novelty, inventiveness and industrial applicability. It is also required that patents be available and patent rights enjoyable without discrimination as to the place of invention and whether products are imported or locally produced (Article 27.1).

There are three permissible exceptions to the basic rule on patentability. One is for inventions contrary to ordre public or morality; this explicitly includes inventions dangerous to human, animal or plant life or health or seriously prejudicial to the environment. The use of this exception is subject to the condition that the commercial exploitation of the invention must also be prevented and this prevention must be necessary for the protection of ordre public or morality (Article 27.2).

The second exception is that Members may exclude from patentability diagnostic, therapeutic and surgical methods for the treatment of humans or animals (Article 27.3(a)).

The third is that Members may exclude plants and animals other than micro-organisms and essentially biological processes for the production of plants or animals other than non-biological and microbiological processes. However, any country excluding plant varieties from patent protection must provide an effective sui generis system of protection. Moreover, the whole provision is subject to review four years after entry into force of the Agreement (Article 27.3(b)).

**Rights Conferred:** The exclusive rights that must be conferred by a product patent are the ones of making, using, offering for sale, selling, and importing for these purposes. Process patent protection must give rights not

only over use of the process but also over products obtained directly by the process. Patent owners shall also have the right to assign, or transfer by succession, the patent and to conclude licensing contracts (Article 28).

**Exceptions:** Members may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties (Article 30).

**Term of protection:** The term of protection available shall not end before the expiration of a period of 20 years counted from the filing date (Article 33).

**Conditions on Patent Applicants:** Members shall require that an applicant for a patent shall disclose the invention in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art and may require the applicant to indicate the best mode for carrying out the invention known to the inventor at the filing date or, where priority is claimed, at the priority date of the application (Article 29.1).

**Process Patents:** If the subject-matter of a patent is a process for obtaining a product, the judicial authorities shall have the authority to order the defendant to prove that the process to obtain an identical product is different from the patented process, where certain conditions indicating a likelihood that the protected process was used are met (Article 34).

**Other Use without Authorization of the Right Holder:** Compulsory licensing and government use without the authorization of the right holder are allowed, but are made subject to conditions aimed at protecting the legitimate interests of the right holder. The conditions are mainly contained in Article 31. These include the obligation, as a general rule, to grant such licences only if an unsuccessful attempt has been made to acquire a voluntary licence on reasonable terms and conditions within a reasonable period of time; the requirement to pay adequate remuneration in the circumstances of each case, taking into account the economic value of the licence; and a requirement that decisions be subject to judicial or other independent review by a distinct higher authority. Certain of these conditions are relaxed where compulsory licences are employed to remedy practices that have been established as anticompetitive by a legal process. These conditions should be read together with the related provisions of Article 27.1, which require that patent rights shall be enjoyable without discrimination as to the field of technology, and whether products are imported or locally produced.

### Layout-Designs of Integrated Circuits

Article 35 of the TRIPS Agreement requires Member countries to protect the layout-designs of integrated circuits in accordance with the provisions of the IPIC Treaty (the Treaty on Intellectual Property in Respect of Integrated Circuits), negotiated under the auspices of WIPO in 1989. These provisions deal with, inter alia, the definitions of “integrated circuit” and “layout-design (topography)”, requirements for protection, exclusive rights, and limitations, as well as exploitation, registration and disclosure.

In addition to requiring Member countries to protect the layout-designs of integrated circuits in accordance with the provisions of the IPIC Treaty, the TRIPS Agreement clarifies and/or builds on four points. These points relate to –

- a) the term of protection (ten years instead of eight, Article 38),
- b) the applicability of the protection to articles containing infringing integrated circuits (last sub clause of Article 36), and
- c) the treatment of innocent infringers (Article 37.1).

The conditions in Article 31 of the TRIPS Agreement apply mutatis mutandis to compulsory or non-voluntary licensing of a layout-design or to its use by or for the government without the authorization of the right holder, instead of the provisions of the IPIC Treaty on compulsory licensing (Article 37.2).

### Protection of Undisclosed Information

The TRIPS Agreement requires undisclosed information -- trade secrets or know-how -- to benefit from protection. According to Article 39.2, the protection must apply to information that is secret, which has commercial value because it is secret and that has been subject to reasonable steps to keep it secret. The Agreement does not require undisclosed information to be treated as a form of property, but it does require that a person lawfully in control of such information must have the possibility of preventing it from being disclosed to, acquired by, or used by others without his or her consent in a manner contrary to honest commercial practices.

“Manner contrary to honest commercial practices” includes breach of contract, breach of confidence and inducement to breach, as well as the acquisition of undisclosed information by third parties who knew, or were grossly negligent in failing to know, that such practices were involved in the acquisition.

The Agreement also contains provisions on undisclosed test data and other data whose submission is required by governments as a condition of approving the marketing of pharmaceutical or agricultural chemical products which use new chemical entities. In such a situation the Member government concerned must protect the data against unfair commercial use. In addition, Members must protect such data against disclosure, except where necessary to protect the public or unless steps are taken to ensure that the data are protected against unfair commercial use.

### Enforcement of Intellectual Property Rights

Intellectual properties are given protection in India under enactments given below. Remedies falling under the various acts fall under the civil and criminal remedy.

SI No.	Act	Civil Remedy	Criminal Remedy
1	The Copyrights Act, 1957	✓	✓
2	The Trade Marks Act, 1999	✓	✓
3	The Patents Act, 1970	✓	✓
4	The Designs Act, 2000	✓	✓
5	Semiconductor Integrated Circuits Layout Design Act, 2000	✓	✓
6	The Geographical Indications of Goods (Registration & Protection) Act, 1999	✓	✓
7	The Protection of Plant Varieties and Farmer's Rights Act, 2001	✓	✓
8	The Biological Diversity Act, 2002	✓	✓

### THE WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO)

The World Intellectual Property Organization (WIPO) is one of the 15 specialized agencies of the United Nations (UN). WIPO was created in 1967 “to encourage creative activity, to promote the protection of intellectual property throughout the world”.

WIPO currently has 191 member states, administers 26 international treaties, and is headquartered in Geneva, Switzerland. The current Director-General of WIPO is Francis Gurry, who took office on 1 October 2008. 188 of the UN member states as well as the Cook Islands, Holy See and Niue are members of WIPO. Non-members are the states of Federated States of Micronesia, Nauru, Palau, Solomon Islands and South Sudan. Palestine has permanent observer status.

### WIPO- Development Agenda

In October 2004, WIPO agreed to adopt a proposal offered by Argentina and Brazil, the “Proposal for the Establishment of a Development Agenda for WIPO”—from the Geneva Declaration on the Future of the World Intellectual Property Organization. This proposal was well supported by developing countries. The agreed “WIPO Development Agenda” (composed of over 45 recommendations) was the culmination of a long process of transformation for the organization from one that had historically been primarily aimed at protecting the interests of right holders, to one that has increasingly incorporated the interests of other stakeholders in the international intellectual property system as well as integrating into the broader corpus of international law on human rights, environment and economic cooperation.

A number of civil society bodies have been working on a draft Access to Knowledge (A2K) treaty which they would like to see introduced.

In December 2011, WIPO published its first World Intellectual Property Report on the Changing Face of Innovation, the first such report of the new Office of the Chief Economist. WIPO is also a co-publisher of the Global Innovation Index.

### UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION (UNESCO)

Copyright a traditional tool for encouraging creativity nowadays, has even greater potential to encourage creativity in the beginning of the 21st century. Committed to promoting copyright protection since its early days (the Universal Copyright Convention was adopted under UNESCO’s aegis in 1952), UNESCO has over time grown concerned with ensuring general respect for copyright in all fields of creation and cultural industries. It conducts, in the framework of the Global Alliance for Cultural Diversity, awareness-raising and capacity-building projects, in addition to information, training and research in the field of copyright law. It is particularly involved in developing new initiatives to fight against piracy.

The digital revolution has not left copyright protection unaffected. UNESCO endeavors to make a contribution to the international debate on this issue, taking into account the development perspective and paying particular attention to the need of maintaining the fair balance between the interests of authors and the interest of the general public of access to knowledge and information.

### LESSON ROUND UP

- Intellectual property has a dual nature, i.e. it has both a national and international dimension.
- For instance, patents are governed by national laws and rules of a given country, while international conventions on patents ensure minimum rights and provide certain measures for enforcement of rights by the contracting states.
- Strong protection for intellectual property rights (IPR) worldwide is vital to the future economic growth and development of all countries.



- List of some leading Instruments concerning Intellectual Property Rights is as below:
  1. The Paris Convention for the Protection of Industrial Property
  2. The Berne Convention for the Protection of Literary and Artistic Works
  3. The WIPO Copyright Treaty (WCT)
  4. The Patent Cooperation Treaty (PCT)
  5. Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure
  6. The Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to the Madrid Agreement
  7. The Hague Agreement Concerning the International Deposit of Industrial Designs
  8. The Trademark Law Treaty (TLT)
  9. The Patent Law Treaty (PLT)
  10. Treaties on Classification
  11. Special Conventions in the Field of Related Rights: The International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (“the Rome Convention”)
  12. Other Special Conventions in the Field of Related Rights
  13. The WIPO Performances and Phonograms Treaty (WPPT)
  14. The International Convention for the Protection of New Varieties of Plants
  15. The Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPS”) and WIPO-WTO Cooperation.
- The Berne Convention deals with the protection of works and the rights of their authors. It is based on three basic principles and contains a series of provisions determining the minimum protection to be granted, as well as special provisions available to developing countries that want to make use of them.
- The Universal Copyright Convention (UCC), adopted in Geneva, Switzerland, in 1952, is one of the two principal international conventions protecting copyright; the other is the Berne Convention.
- The Paris Convention applies to industrial property in the widest sense, including patents, marks, industrial designs, utility models, trade names, geographical indications and the repression of unfair competition. The substantive provisions of the Convention may be divided into three main categories namely national treatment, right of priority, common rules.
- The Patent Cooperation Treaty (PCT) is an international patent law treaty, concluded in 1970. It provides a unified procedure for filing patent applications to protect inventions in each of its contracting states.
- A patent application filed under the PCT is called an international application, or PCT application.
- The World Intellectual Property Organization (WIPO) is one of the 15 specialized agencies of the United Nations (UN). WIPO was created in 1967 “to encourage creative activity, to promote the protection of intellectual property throughout the world”.

- Copyright a traditional tool for encouraging creativity nowadays, has even greater potential to encourage creativity in the beginning of the 21st century. Committed to promoting copyright protection since its early days (the Universal Copyright Convention was adopted under UNESCO's aegis in 1952), UNESCO has over time grown concerned with ensuring general respect for copyright in all fields of creation and cultural industries.

### SELF TEST QUESTIONS

*These are meant for re-capitulation only. Answers to these questions are not to be submitted for evaluation.*

1. Discuss in brief at least five leading International Instruments concerning Intellectual Property Rights.
2. Write a note on Berne Convention.
3. Write a Note on Patent Co-Operation Treaty.
4. What are the areas of Intellectual Property covered under TRIPs.
5. Discuss the Protection of Undisclosed Information under TRIPs agreement.
6. What is WIPO – Development Agenda?

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# Lesson 4

## Patents

### LESSON OUTLINE

- Introduction to Patent Law
- Paris Convention for the Protection of Industrial Property
- Patent Cooperation Treaty (PCT)
- WTO - TRIPs
- Harmonization of CBD and TRIPs
- LESSON ROUND-UP
- SELF-TEST QUESTIONS

### LEARNING OBJECTIVES

Patent law is the branch of intellectual property law that deals with new inventions. Traditional patents protect tangible scientific inventions, such as circuit boards, car engines, heating coils, or zippers. However, over time patents have been used to protect a broader variety of inventions such as coding algorithms, business practices, or genetically modified organisms. Considering the significance of Patents and its positive image for the successful enterprises, there is a plethora of international treaties and national laws to regulate the process and operation of Patents worldwide. Under this background, this chapter briefly discusses, background of patent law in India along with few international treaties on patent including Patent Cooperation Treaty, TRIPs and Paris Convention.

## INTRODUCTION TO PATENT LAW

An invention relating to a product or a process, involving inventive step and capable of industrial application can be patented in India. However, it must not fall into the category of inventions that are non-patentable as provided under Section 3 and 4 of the (Indian) Patents Act, 1970. In India, a patent application can be filed, either alone or jointly, by true and first inventor or his assignee.

In the United States, patent laws were introduced in 1760. Most European countries developed their Patent Laws between 1880 to 1889. The chronology of Indian Patent Act is as follows :

- i) 1856 - The Act of 1856 on protection of inventions based on the British Patent Law of 1852. Certain exclusive privileges granted to inventors of new manufactured for a period of 14 years.
- ii) 1859 – The Act modified as act xv Patent monopolies called exclusive privileges (making, selling and using inventions in India and authorizing others to do so for 14 years from the date of filling specifications)
- iii) 1872- The patterns & Designs Protection Act
- iv) 1883- The protection of Inventions Act
- v) 1888- Consolidation as the Inventions & Designs Act
- vi) 1911- The Indian Patents & Designs Act
- vii) 1970 - The Patents Act, 1970
- viii) 1999- On march 26,1999 Patents( Amendment) Act, (1999) came into force from 01-01-1995
- ix) 2002- The Patents (Amendments ) Act 2002 came into force from 20th May 2003.
- ix) 2005 - The Patents (Amendment ) Act 2005 effective from 1st January 2005

In India Patent Act was introduced in the year 1856 which remained in force for over 50 years, which was subsequently modified and amended and was called “The Indian Patents and Designs Act, 1911”. After Independence a comprehensive bill on patent rights was enacted in the year 1970 and was called “The Patents Act, 1970”.

Later, India became signatory to many international arrangements with an objective of strengthening its patent law and coming in league with the modern world. One of the significant steps towards achieving this objective was becoming the member of the Trade Related Intellectual Property Rights (TRIPS) system.

Significantly, India also became signatory of the Paris Convention and the Patent Cooperation Treaty on 7th December 1998 and thereafter signed the Budapest Treaty on 17th December 2001.

### Background<sup>1</sup>

Being a signatory to TRIPS, India was under a contractual obligation to amend its Patents Act to comply with its provisions. India had to meet the first set of requirements on 1st January 1995 to give a pipeline protection till the country starts granting product patent.

On 26th March, 1999, Patents (Amendment) Act, 1999 came into force retrospective effect from 1st January, 1995. The main amendments are as follows:

Section 5(2) was introduced which provides for filing of applications for patent in the field of drugs, medicines

1. Bhatnagar and Garg (2007), *Patent Law in India*, Anand and Anand, The Modaq.

and agro-chemicals. These applications were kept pending in the mailbox or black box. This mailbox was to be opened on 1st January 2005.

Provision of Exclusive Marketing Rights (EMR) was brought in by way of Chapter IV A. Thus, pipeline protection was provided for pharmaceutical and agro-chemical manufacturers whose applications for product were lying in black box.

Section 39 was omitted from the Act, thereby enabling the Indian residents to file the simultaneous applications for patent registration outside India.

Chapter II (A) was inserted in the Indian Patent Rules dealing with International Applications under PCT.

The second phase of amendment was brought in by the Patents (Amendment) Act, 2002 which came into force on 20th May 2003. The main features of the amendments included:

- (i) Term of patent was extended from 14 to 20 years, wherein the date of patent was the date of filing of complete specification. Also the difference in term of a drug/food patent and other patent was removed.
- (ii) The definition of “invention” was made in conformity with the provisions of TRIPS Agreement by introducing the concept of inventive step, thereby enlarging the scope of invention.
- (iii) Deferred examination system was introduced.
- (iv) Introduction of the provision of publication of application after 18 months from the date of filing thereby bringing India at par with the rest of the world.
- (v) Microorganisms became patentable, whereas inventions relating to traditional knowledge were included in the list of “what are not inventions”.
- (vi) The concept of unity of invention in accordance with EPC and PCT.
- (vii) Section 39 was reintroduced thereby prohibiting the Indian residents to apply abroad without prior permission or first filing in India.
- (viii) Provisions of Appellate Board were brought in by inserting section 116. All appeals to the decision of the Controller would be appealable before the Appellate Board. The Head Quarter of the Appellate Board is to be in Chennai.
- (ix) Section 117 provided for Bolar provision for the benefit of agrochemical and pharmaceutical industry.

The third and final amendment to the Patents Act, 1970 came by way of Patents (Amendment) Ordinance, 2004, which was later replaced by The Patent (Amendment) Act, 2005, and Patents (Amendment) Rules, 2006 with retrospective effect from 1st January, 2005. With the third amendment India met with the international obligations under the TRIPS. Significant achievements of this amendment were:

#### **Salient Features of the Patent (Amendment) Act, 2005**

- In the definition of what are not inventions, the amendment now says “Mere new use or a known substance” is not an invention. In other words, if the applicant can substantiate that it is a new use for a known substance with some technical input such new use can be patented.
- A computer program per se is not patentable but its “technical application to industry or a combination with hardware” is patentable. The scope of patentability of a computer program has now been widened and is more or less on lines with US Patent grant.
- The provision prohibiting product patent for food, medicine, drug and chemical processes has been

removed. In India with effect from 1st January 2005 product patent is available for medicine, drug, chemical processes and food. This is the most important amendment introduced by the new Ordinance. Product patent regime in respect of drug, medicine, food and chemical processes is implemented in India.

- If a patent application is accompanied by a provisional specification, the complete specification should be filed within 12 months of the filing of the application. Otherwise, the application shall be deemed to be abandoned.
- A patent application shall be examined only on a request in a prescribed manner. Without a request, the patent applications would not be examined as a matter of routine, as it was prior to the year 2003.
- Provisions relating to Exclusive Marketing Rights (EMR) have been removed. EMR provision was introduced in India in the year 1999 in compliance with TRIPS as product patent for drug and medicine was not available in the Indian Act. As product patents can now be granted for Drugs, medicines, food, and chemical processes the EMR provision has become redundant and has been repealed.
- When a patent has been published but has not been granted, any person can make a representation to the Controller of Patents requesting him to refuse the application on the ground of lack of novelty, inventive steps, and industrial applicability. The Controller shall consider such representation and dispose it off. The person making the representation is not a party to the proceeding. After the grant of a patent but before the expiry of the period of one year from the date of publication of grant of a patent, any person interested may give notice of opposition to the Controller.
- Only after the grant of the patent the application, specification and documents related thereto are opened for public inspection.
- The Act now provides for the compulsory license for manufacture and export of patented pharmaceutical products to any country having insufficient or no manufacturing capacity in the pharmaceutical sector for the concerned product to address public health problems provided compulsory license has been granted by such country. To avail of this provision, the applicant should satisfy two conditions:
  1. The country to which export has to be made has insufficient or no facility to manufacture.
  2. The recipient country should grant the compulsory license for the import and sale of the drug
- The Act also provides for an appeal from the order of decision of the Controller to Intellectual Property Appellate Board (IPAB). The power of revocation is also conferred with IPAB.

#### **According to the Patent (Amendment) Rules, 2017-**

“Startup” means

- (a) an entity in India recognized as a startup by the competent authority under Startup India Initiative.
- (b) In case of a foreign entity, an entity fulfilling the criteria for turnover and period of incorporation/ registration as per Startup India Initiative and submitting declaration to that effect.

**Explanation:** In calculating the turnover, reference rates of foreign currency of Reserve Bank of India shall prevail.

#### **Current Position**

The present Indian position in respect of patent law is governed by the provisions of the Patents Act, 1970 as amended by the Patents (Amendment) Act, 2005 (hereinafter referred to as the Act) and Patents (Amendment)

Rules, 2019 (hereinafter referred to as the Rules) Department of Industrial Policy and Promotion (DIPP) has amended Patent Rules 2003 with effect from 17th September 2019 called as the Patent (Amendment) Rules, 2019.

The Head Patent Office is located at Kolkata and its branch offices are located at Delhi, Mumbai and Chennai. Patent system in India is administered by the Controller General of Patents, Designs, Trademarks and Geographical Indications. Each office has its own territorial jurisdiction for receiving patent applications and is empowered to deal with all sections of Patent Act.

The jurisdiction for filing the patent application depends upon:

Indian applicant(s): determined according to place of residence, place of business of the applicant or where the invention actually originated.

Foreign applicant(s): determined by the address for service in India.

## PARIS CONVENTION FOR THE PROTECTION OF INDUSTRIAL PROPERTY

The Paris Union, established by the Convention, has an Assembly and an Executive Committee. Every State member of the Union which has adhered to at least the administrative and final provisions of the Stockholm Act (1967) is a member of the Assembly. The members of the Executive Committee are elected from among the members of the Union, except for Switzerland, which is a member ex officio.

The Paris Convention, concluded in 1883, was revised at Brussels in 1900, at Washington in 1911, at The Hague in 1925, at London in 1934, at Lisbon in 1958 and at Stockholm in 1967, and it was amended in 1979.

The Convention applies to industrial property in the widest sense, including patents, marks, industrial designs, utility models, trade names, geographical indications and the repression of unfair competition. The substantive provisions of the Convention may be divided into three main categories namely national treatment, right of priority, common rules.

### National Treatment

Under the provisions on national treatment, the Convention provides that, as regards the protection of industrial property, each contracting State must grant the same protection to nationals of the other contracting States as it grants to its own nationals. Nationals of non-contracting States are also entitled to national treatment under the Convention if they are domiciled or have a real and effective industrial or commercial establishment in a contracting State.

### Right of Priority

The Convention provides for the right of priority in the case of patents, marks and industrial designs. This right of priority denotes that on the basis of a regular first application filed in one of the contracting States, the applicant may, within a certain period of time (12 months for patents and utility models; 6 months for industrial designs and marks), apply for protection in any of the other contracting States and these later applications are regarded as if they had been filed on the same day as the first application. In other words, these later applications have priority over applications which may have been filed during the said period of time by other persons for the same invention, utility model, mark or industrial design. Moreover, these applications, since based on the first application, are not affected by any event that may have taken place in the interval, such as any publication of the invention or sale of articles bearing the mark or incorporating the industrial design. One of the major practical advantages of right of priority is that, when an applicant desires protection in several countries, he is not required to present all his applications at the same time but has six or 12 months at his disposal to decide

in which countries he wishes protection and to organize with due care the steps needed to secure protection.

### Common Rules

The Convention lays down a few common rules which all the contracting States must follow. The more important with respect to Patents are as following:

1. Patents granted in different contracting States for the same invention are independent of each other.
2. The granting of a patent in one contracting State does not oblige the other contracting States to grant a patent.
3. A patent cannot be refused, annulled or terminated in any contracting State on the ground that it has been refused or annulled or has terminated in any other contracting State.
4. The inventor has the right to be named as such in the patent.
5. The grant of a patent may not be refused, and a patent may not be invalidated, on the ground that the sale of the patented product, or of a product obtained by means of the patented process, is subject to restrictions or limitations resulting from the domestic law.
6. Each contracting State that takes legislative measures providing for the grant of compulsory licenses to prevent the abuses which might result from the exclusive rights conferred by a patent may do so only with certain limitations. Thus, a compulsory license based on failure to work the patented invention may only be granted pursuant to a request filed after three or four years of failure to work or insufficient working of the patented invention and it must be refused if the patentee gives legitimate reasons to justify his inaction.
7. Forfeiture of a patent may not be provided for, except in cases where the grant of a compulsory license would not have been sufficient to prevent the abuse. In the latter case, proceedings for forfeiture of a patent may be instituted, but only after the expiration of two years from the grant of the first compulsory license.

### PATENT COOPERATION TREATY (PCT)

The PCT created a Union. The Union has an Assembly. Every signatory State to the PCT is a member of the Assembly. Some of the most important tasks of the Assembly are-

- a) The amendment of the Regulations issued under the Treaty,
- b) the adoption of the biennial program and budget of the Union, and
- c) the fixing of certain fees connected with the use of the PCT system.

The development of the PCT system is shown by the fact that in 1979, 2,625 international applications were received by the International Bureau, while the corresponding number was 110,065 in 2003 and it passed a record breaking quarter – million 253,000 filling mark in 2018, a 3.9% increase over 2017. 2018 application data

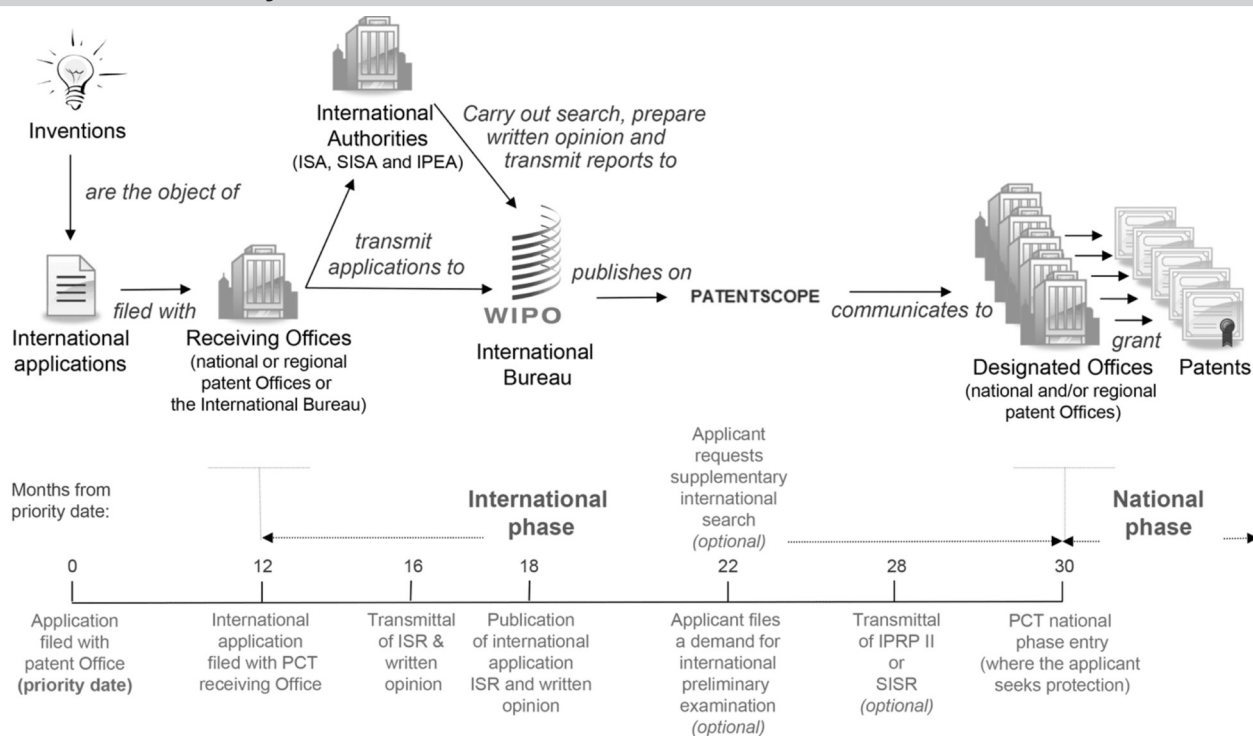
- i) USA – 56,142 PCT
- ii) China – 53,345 PCT
- iii) Japan- 49,702 PCT
- iv) Germany – 19,883
- v) Republic of Korea- 17,014

China and India were only two middle-income countries amongst the top 15 origins of PCT applications. Among the top 15 origins, India (+27.2%) and Finland (+14.7%) are the only two countries to record double-digit annual growth in 2018.

The PCT was concluded in 1970, amended in 1979 and modified in 1984 and 2001. It is open to States party to the Paris Convention for the Protection of Industrial Property (1883). Instruments of ratification or accession must be deposited with the Director General of WIPO.

The Patent Cooperation Treaty makes it possible to seek patent protection for an invention simultaneously in each of a large number of countries by filing an international patent application. The application may be filed by anyone who is a national or resident of a contracting State, with the national patent office of the contracting State of which the applicant is a national or resident or, at the applicant's option, with the International Bureau of WIPO in Geneva. If the applicant is a national or resident of a contracting State which is party to the European Patent Convention, the Harare Protocol on Patents and Industrial Designs (Harare Protocol) or the Eurasian Patent Convention, the international application may also be filed with the European Patent Office (EPO), the African Regional Industrial Property Organization (ARIPO) or the Eurasian Patent Office (EAPO), respectively.

### Overview of PCT System



Source : <https://www.wipo.int/pct/en/faqs/faqs.html>

The Treaty regulates in detail the formal requirements with which any international application must comply.

The applicant is required to indicate those countries in which he wishes his international application to have effect, generally known as designated States. The effect of the international application in each designated State is the same as if a national patent application had been filed with the national patent office of that State. Where a designated State is party to the European Patent Convention, the applicant must opt for the effect of a European patent application. Where a designated State is party to the Eurasian Patent Convention, the applicant may opt for the effect of a Eurasian patent. Where a designated State is party to the Harare Protocol, the applicant may opt for the effect of an ARIPO patent application. Where a designated State is a member



of the African Intellectual Property Organization (OAPI), the effect of the designation is automatically that of a regional application filed with OAPI.

The international search is conducted in respect of an international application by one of the major patent offices and such search results in an international search report, that is, a listing of the citations of published documents that might affect the patentability of the invention claimed in the international application.

The international search report is communicated to the applicant who may decide to withdraw his application, in particular where the content of the report suggests that the granting of patents is unlikely. If the international application is not withdrawn, it is, together with the international search report, published by the International Bureau and communicated to each designated Office.

If the applicant decides to continue with the international application with a view to obtaining national (or regional) patents, he can wait until the end of the 20th month after the filing of the international application or, where that application claims the priority of an earlier application, until the end of the 20th month after the filing of that earlier application, to commence the national procedure before each designated Office by furnishing a translation (where necessary) of the application into the official language of that Office and paying prescribed fees. This 20-month period can be extended by a further 10 months where the applicant requests, prior to the expiration of the 19th month from the priority date, for an international preliminary examination report and which gives a preliminary and non-binding opinion on the patentability of the claimed invention. The applicant is however entitled to amend the international application during the international preliminary examination.

### **Advantages of PCT Filing**

The advantages of PCT filing for the applicant, the patent offices and the general public are given below:

- (1) The applicant has up to 18 months more than in a procedure outside the PCT to reflect on the desirability of seeking protection in foreign countries,
- (2) To appoint local patent agents in each foreign country,
- (3) To prepare the necessary translations and to pay the national fees. The PCT filing assures the applicant that if his international application is in the form prescribed by the PCT, it cannot be rejected on formal grounds by any designated Office during the national phase of the processing of the application. On the basis of the international search report, the applicant can evaluate with reasonable probability the chances of his invention being patented. On the basis of the international preliminary examination report, that probability is even stronger; the applicant has the possibility to amend the international application to put it in order before processing by the designated Offices.

distribute, perform in public or communicate to the public that audiovisual work.

The Convention also provides for “moral rights,” that is, the right to claim authorship of the work and the right to object to any mutilation or deformation or other modification of, or other derogatory action in relation to, the work which would be prejudicial to the author’s honor or reputation.

### **DURATION OF PROTECTION**

The general rule is that protection must be granted until the expiration of the 50th year after the author’s death. There are, however, exceptions to this general rule. In the case of anonymous or pseudonymous works, the term of protection expires 50 years after the work has been lawfully made available to the public, except if the pseudonym leaves no doubt as to the author’s identity or if the author discloses his identity during that period; in the latter case, the general rule applies.



In the case of audiovisual (cinematographic) works, the minimum term of protection is 50 years after the making available of the work to the public (“release”) or—failing such an event—from the creation of the work.

In the case of works of applied art and photographic works, the minimum term is 25 years from the creation of such a work.

## WTO- TRIPS

The establishment of WTO as a result of institutionalization of international framework of trade calls for harmonization of several aspects of Indian Law relating to Intellectual Property Rights. The TRIPS agreement set minimum standards for protection for IPR rights and also set a time frame within which countries were required to make changes in their laws to comply with the required degree of protection. In view of this, India has taken action to modify and amend the various IP Acts in the last few years

## PATENTS ACT, 1970

After India became a signatory to the TRIPS agreement forming part of the Agreement establishing the World Trade Organization (WTO) for the purpose of reduction of distortions and impediments to international trade and promotion of effective and adequate protection of intellectual property rights, the Patents Act, 1970 has been amended in the year 1995, 1999, 2002 and 2005 to meet its obligations under the TRIPS agreement. The Patents Act has been amended keeping in view the development of technological capability in India, coupled with the need for integrating the intellectual property system with international practices and intellectual property regimes. The amendments were also aimed at making the Act a modern, harmonized and user-friendly legislation to adequately protect national and public interests while simultaneously meeting India’s international obligations under the TRIPS Agreement.

Subsequently the rules under the Patent Act have also been amended and these became effective from May 2003. These rules have been further amended by Patents (Amendment) Rules 2019 w.e.f . 17th September 2019. Thus, the Patent Amendment Act, 2005 is now fully in force and operative.

## LESSON ROUND UP

- The history of Patent law in India starts from 1911 when the Indian Patents and Designs Act, 1911 was enacted.
- The present Patents Act, 1970 came into force in the year 1972, amending and consolidating the existing law relating to Patents in India.
- The Patents Act, 1970 was again amended by the Patents (Amendment) Act, 2005, along with Patents Rules which stand recently amended with Patents (Amendment) Rules, 2017, wherein product patent was extended to all fields of technology including food, drugs, chemicals and microorganisms.
- After the amendment, the provisions relating to Exclusive Marketing Rights (EMRs) have been repealed, and a provision for enabling grant of compulsory license has been introduced. The provisions relating to pre-grant and post-grant opposition have been also introduced.
- An invention relating to a product or a process, involving inventive step and capable of industrial application can be patented in India. However, it must not fall into the category of inventions that are non-patentable as provided under Section 3 and 4 of the (Indian) Patents Act, 1970. In India, a patent application can be filed, either alone or jointly, by true and first inventor or his assignee.
- In the United States, patent laws were introduced in 1760. Most European countries developed

their Patent Laws between 1880 to 1889. In India Patent Act was introduced in the year 1856 which remained in force for over 50 years, which was subsequently modified and amended and was called “The Indian Patents and Designs Act, 1911”. After Independence a comprehensive bill on patent rights was enacted in the year 1970 and was called “The Patents Act, 1970”.

- Later, India became signatory to many international arrangements with an objective of strengthening its patent law and coming in league with the modern world. One of the significant steps towards achieving this objective was becoming the member of the Trade Related Intellectual Property Rights (TRIPS) system.
- Significantly, India also became signatory of the Paris Convention and the Patent Cooperation Treaty on 7th December 1998 and thereafter signed the Budapest Treaty on 17th December 2001.
- The present Indian position in respect of patent law is governed by the provisions of the Patents Act, 1970 as amended by the Patents (Amendment) Act, 2005 (hereinafter referred to as the Act) and Patents (Amendment) Rules, 2017 (hereinafter referred to as the Rules) Department of Industrial Policy and Promotion (DIPP) has amended Patent Rules 2003 with effect from 1st December 2017 called as the Patent (Amendment) Rules, 2017.
- The Head Patent Office is located at Kolkata and its branch offices are located at Delhi, Mumbai and Chennai. Patent system in India is administered by the Controller General of Patents, Designs, Trademarks and Geographical Indications. Each office has its own territorial jurisdiction for receiving patent applications and is empowered to deal with all sections of Patent Act.
- The jurisdiction for filing the patent application depends upon:
  - Indian applicant(s): determined according to place of residence, place of business of the applicant or where the invention actually originated.
  - Foreign applicant(s): determined by the address for service in India.

### SELF TEST QUESTIONS

*These are meant for re-capitulation only. Answers to these questions are not to be submitted for evaluation.*

1. Briefly discusses the Paris Convention for the Protection of Industrial Property.
2. What is TRIPs? And what are the major functions of TRIPs with reference to the protection of Patents?
3. Write a short note on The Convention on Biological Diversity (CBD) 1992.
4. Discuss the ways, through which CBD and TRIPs could be harmonized.
5. Explain salient features of Patents (Amendment) Act, 2002
6. Write brief note on history of patent law in India.

### Reference Books

1. Professional Book Publishers. (2004). The Patents Act, 1970 (39 of 1970). New Delhi.
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5. Rao, G. V. (2013). Intellectual property rights: patent laws in India. New Delhi: SSDN Publishers & Distributors.

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# Lesson 5

## Indian Patent Law

### LESSON OUTLINE

- An Overview
- Concept of Patent
- Product / Process Patents & Terminology
- Patents Act, 1970
- Amendments to The Patents Act, 1970
- Patent Rules
- Patentable Subject Matter and Patentability Criteria
- Duration of Patents – Law and Policy Consideration
- Elements of Patentability – Novelty and Non – Obviousness (Inventive Steps And Industrial Application)
- Procedure for Filing of Patent Application and Types of Applications
- Procedure for Opposition
- Revocation of Patents
- Ownership and Maintenance of Patents
- Assignment and Licencing of Patents
- Working of Patents – Compulsory Licensing
- Revocation of Patents by the Controller for Non- Working
- Procedure in respect of Compulsory Licence, etc.
- International Applications
- Patent Agent – Qualification and Registration Procedure
- LESSON ROUND-UP
- SELF-TEST QUESTIONS

### LEARNING OBJECTIVES

Inventions arising from the creative work of human beings acquire considerable commercial value, in view of the possibility of their use by large sections of the society, not only within the country but also in other countries of the World.

Patent is one of the ways through which the scientific inventions which have a potential for industrial application are being protected and thus promoted. In India, however, very few scientific organizations and much less industries take adequate measures to protect their inventions by getting a Patent in respect of them.

In India, the law relating to Patents is contained in the Patents Act, 1970. This Act has been amended in the years 1995, 1999, 2002 and 2005 respectively to meet the challenges of changing times and also to meet India's obligations under the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) which forms a part of the Agreement establishing the World Trade Organisation (WTO). The Patents Act, 1970 is now conceived as fully compliant with India's obligations under the TRIPS Agreement of the WTO. Further, as regards the Rules framed under the Act, earlier the Patents Rules, 1972, which were in place for close to three decades, were substituted by the Patents Rules, 2003. The Patents Rules, 2003 have also been amended in the years 2005, 2006, 2012, 2013, 2014, 2015, 2016, 2017 and 2019 respectively inter alia in order to keep them in line with the international trends and requirements.

The importance of Patents has increased tremendously over last few decades which is evident from the fact that every company is now creating its own strong Patent portfolio. It is thus important to know the advantages involved in getting a Patent and also as to how does the Patent benefit an Inventor.

The objective of this lesson is to develop amongst the students a greater awareness about the Patent law in India and spell out the procedural mechanism involved in obtaining a Patent, besides explaining the concepts of Assignment &

Licensing of Patents and Compulsory Licensing.

## AN OVERVIEW

### Legislative Provisions Regulating Patents:-

The term 'Patent' acquired a statutory meaning in India under the Patents Act, 1970 (hereinafter 'the Act' in short). The Act and the Rules framed under it, i.e. the Patent Rules, 2003 (hereinafter 'the Rules' in short), regulate the subjects like the grant, the operative period, the revocation, infringement etc. of the Patents. The Act was last amended in the year 2005 and the Rules were last amended in the year 2019 for the purposes of making contemporary adjustments in the Patent Law in India.

The Patents under the Act are granted by the Controller to the Inventor(s) for a period of 20 years. It is an exclusive right to make use, exercise and bend his invention. The Act conveys to the Inventor substantive rights and secures to him the valuable monetary right which he can enforce for his own advantage either by using it himself or by conveying the privileges to others. He receives something tangible, something which has present existing value which protects him from some competition and is a source of gain and profit.

The Patent Law recognizes the exclusive right of a Patentee to gain commercial advantage out of his invention. This is to encourage the inventors to invest their creative faculties, knowing that their inventions would be protected by law and no one else would be able to copy their inventions for a certain period during which the respective Inventor would have exclusive rights.

In the case of *Bishwanath Prasad Radhey Shyam v. Hindustan Metal Industries*, (1979) 2 SCC 511, it was held by the Hon'ble Supreme Court of India that the object of Patent law is to encourage scientific research, new technology and industrial progress. Grant of exclusive privilege to own, use or sell the method or the product patented for a limited period, stimulates new inventions of commercial utility. The price of the grant of the monopoly is the disclosure of the invention at the Patent office, which after expiry of a fixed period of the monopoly passes into the public domain.

Administration of Patents Act, 1970:-

The Patents Act, 1970, as last amended in the year 2005, and the Patent Rules, 2003 (last amended in the year 2019) are administered by the Controller General of Patents, Designs & Trade Marks under the control and supervision of the Ministry of Commerce & Industry, Department of Industrial Policy & Promotion, Government of India, Udyog Bhavan, New Delhi.

Criteria for securing a Patent - The main criteria for securing a Patent is that the invention which is to be protected:

- Should be novel,
- Should have inventive step (otherwise referred to as non-obvious) and,
- Should have utility.

It is to be noted that simplicity of an invention is not a bar for securing a Patent. In other words, the fact that the invention is very simple will not stand in the way of securing a Patent for the invention, provided, it satisfies the above mentioned three essential elements. For example, the popularly used gem clips, velcro, cellophane tape, post-it notes, self-sealing bags etc. are simple inventions, yet they have been patented. These were patented when they were developed years back. Even though these inventions look very simple, they satisfy all the three essential elements mentioned above for securing a Patent. In other words, even though an invention may look very simple, if it satisfies the novelty, inventive step and utility requirements, the said invention will be the subject matter for securing a Patent.

## CONCEPT OF PATENT

**Nature of a Patent.-** A Patent is a grant (in the form of a document) by the Government, given for disclosing a new invention by an Inventor or a group of Inventors or otherwise an applicant. Once the Patent is issued, it gives to the Inventor or the applicant, as the case may be, an exclusive right to sell, manufacture and use the invention disclosed in the Patent. The legal exclusive right in the Patent can be exercised by the Inventor/applicant only in the country which grants the right. This right can be exercised only for a limited period of time, normally known as the 'Term of the Patent'. Therefore, on the expiry of the Term of the Patent, the invention becomes a public property.

**Patent vis-à-vis Property Rights.-** A Patent is akin to a property, like a car, a house or a business. When one receives a Patent, the person would have achieved something that few have accomplished. Therefore, securing a Patent is an achievement worthy of celebration. When someone infringes the Patent of others, it is similar to the act of stealing somebody's car, house or business. For the term prescribed under the Patents Act, 1970, the legal rights under the Patent are the property of the Patent Holder, provided the Patent is in force, meaning that the prescribed renewal fees are paid within the prescribed period.

**Rights vested on the Patentee.-** Patent represent one of the most powerful Intellectual Property Rights. These rights can be a very important economic tool if used effectively and diligently. For instance, Patent rights can bring a substantial income through the manufacture or licensing of the invention covered in the Patent. Patent also represents a long-term security. Patent provides a right to the Patentee to prevent a third party from commercially using the patented invention without the permission of the Patentee.

**Role of Patents.-** Patent gives the Patentee the right to take legal action to prevent others from commercially exploiting the patented invention in the country which grants the Patent without the permission of the Patentee (Proprietor). The grant of a Patent for an invention however does not guarantee the merit of the invention disclosed therein. The country that grants the Patent does not guarantee the legitimacy of the Patent. The Government does not give any financial or any other award/assistance to the Inventor(s)/Patentee(s) along with the grant of the Patent. It is left to the Patentee to commercially exploit the Patent and make profit from it.

**Objective of securing a Patent.-** It is commonly believed that securing a Patent automatically brings in Wealth and Prosperity. This is not correct. Securing a Patent is only one aspect of the process that may lead to success if one is able to commercially use the invention. Though each invention is different but the objectives of securing a Patent protection for the inventions are basically the same, they are:

- **To make money.-** One has to evaluate the invention and its potential to be converted into wealth.
- **To gain security.-** It is required to protect the invention from any unauthorized commercial use.
- **To gain knowledge.-** Learning the patenting process is easy and when mastered, it can save one from substantial professional charges. Furthermore, through the knowledge thus gained one can extend the life of the Patent and consequently the earnings from it.
- **To have fun.-** Patenting can be an enjoyable exercise because it motivates one to innovate new things and to make them succeed.

Therefore, the success of a Patent would depend upon the actions taken by the Patentee. Although the basic purpose of granting a Patent is to encourage inventive activities, in practice, this system is formulated and revised from time to time in the context of political, socio-economic and industrial environment of a nation, so as to safeguard the interests of the nation.

Benefits of establishing a Legal framework around Patents.-

Patent is said to be the most common, important and complicated form of Intellectual Property, as it includes technical and legal aspects. The legal aspects provide an intensive protection from Patent infringement. This is because of its technical-cum-legal nature and the widest and the strongest legal protection one can secure. However, it should be remembered that similar benefits are also present in other forms of IP. The contribution of the Patent system in stimulation of inventions is in following ways:

- Rights accrued to work the invention covered under a Patent for a limited period provides an important incentive for inventive and innovative activities. If the inventions which are the fruits of R & D are not protected by Patents, they would be available for free exploitation by anyone, including those who have not invested in such R & D activity. The inventive organisation and the personnel, under these circumstances, will be placed in a disadvantageous position.
- A Patent system of rewarding the inventor and/or the Patentee is based on the idea that the grant of monopoly will automatically secure him a reward which will be commensurate with the value of his intellectual input and the investment made for the development of the invention. If the invention is commercially viable, the inventor should be able to exploit it or sell the Patent, thereby making profit. However, if on the other hand, if it is not commercially viable, he would gain nothing. In practice, even if the invention is good, owing to the factors beyond the control of the inventor, the inventor might not be able to make a profit out of his Patent. But in certain other cases, the reward for the Patent secured for his invention might be out of all proportions. The aspiration for an economic reward is undoubtedly an important factor for activating and stimulating creative activities.
- If the Patentee has no financial resources to work the invention commercially, he can grant license or assign the rights in the Patent to others for its commercialization and obtain financial gain.
- Securing Patents will help the inventor(s)/Patentee(s) to protect his invention, while developing the knowledge to make it commercially viable with the assistance of a third party, if required, with the legal protection of the invention. Such a position protects the inventor(s)/applicant(s) from an unfair competition.
- Securing a Patent would enable the inventor to establish an official record of the invention.
- In order to obtain a Patent, the invention has to be disclosed in detail in the Patent Document (Specification). The Patent law also stipulates that the invention should not be made open to public before the date of filing of the application for Patent. Therefore, in most cases, the information contained in a Patent document is the first available information on the particular subject which is not available from any other source. Therefore, the Patent documents are rich, latest and unique source of technological information in the world.
- The information contained in the Patent Documents can be freely used for R & D purposes at any point of time anywhere in the world, including the country which has granted the Patent and where it is still in force. Such a use will not constitute an infringement. A Patent that has lapsed becomes public property and therefore can also be commercially utilized even in the country which has granted the Patent by anyone without fear of any infringement.
- Thus, the Patent system enables the dissemination of valuable technological information for the benefit of society.
- The Inventor(s)/Patentee(s) can secure a Patent for his invention and then make the protected invention freely available to the public without demanding any benefits. In such a situation, if there is a misuse or abuse of the rights in the Patent, the inventor(s)/ Patentee(s) can initiate legal proceedings to prevent



such misuse or abuse. On the other hand, if such a protection has not been secured then the inventor will remain a silent spectator to the abuse(s) or misuse of the invention.

The fact that Patent documents are open to the public and are freely exchanged marks the difference between the Patent system from other proprietary rights relating to technical subject matter such as trade secrets and knowledge. There is a school of thought which believes that the Patent system prevents dissemination of free scientific information, as was the practice earlier. In this context, it is to be noted that the Patent System only assists in a free exchange of scientific information. By securing a Patent, it is not mandatory that the Patentee should charge any fees for commercializing the invention disclosed therein. An inventor can make available the invention developed to those interested for commercialization without charging any fees. In such a situation, if somebody misuses or abuses the rights in the Patent, the inventor(s)/Patentee(s) can initiate legal proceedings for prevention such misuse or abuse. On the other hand, if such a protection has not been secured, then the inventor will remain as a silent spectator to the abuse(s) or misuse(s) of the invention.

One of the important objectives of the Patent System is to disseminate the information disclosed in a Patent as early as possible. In this context, it should be noted that many countries in the world publish the contents of Patent documents (Patent Specification) on the expiry of 18 months from the date of filing or the priority date, whichever is earlier. The main objective of this publication is to make available the information to the interested public early, instead of keeping the information confidential for a long time. Consequent to the Patent System getting popular and the examination of the Patent documents getting complicated due to the complicated technologies involved, the publication of Patent documents was getting delayed. To avoid such a situation, an early publication of the information contained in Patent applications has been adopted globally. In this context, it should also be noted that India has also adopted the procedure of such publication after 18 months. A provision to this effect has been incorporated in the Patents (Amendment) Act, 2002 and has been brought into force from May, 2003.

## PRODUCT / PROCESS PATENTS & TERMINOLOGY

Section 5 of the Patents Act, 1970 (as it stood prior to its repeal under the Patents (Amendment) Act, 2005) provided for grant of Process Patents only in certain categories of inventions. It may be noted here that under the Patents Act, 1970, in all other areas, Product and Process Patents could be issued and have been issued. The Paris Convention has left this issue to be dealt with in the State's legislation in a manner of its own choice.

The TRIPs Agreement under Article 27.1 stipulates that Patents shall be available for any invention, whether Products or Processes, in all fields of technology except for the exclusion stipulated under Article 27.2 and 27.3.

Pursuant to the TRIPs agreement, the Patents Act, 1970 was amended in the year 2002. Section 5 of the Patents Act, 1970 (as it stood after the 2002 amendments) provided that, in the case of inventions being claimed relating to food, medicine, drugs or chemical substances, only Patents relating to the methods or processes of manufacture of such substances could be obtained.

An Explanation appended to Section 5 clarified that "chemical process" includes biochemical, biotechnological and microbiological processes. Subsequently, Section 5 of the Patents Act, 1970 was repealed by the Patents (Amendment) Act, 2005 that came into force from 01.01.2005, thereby paving the way for Product Patents too.

This deliberate strategy of denying 'Product Patent' protection to pharmaceutical inventions is traceable to the Ayyangar Committee Report, a report that formed the very basis of the Patents Act, 1970. The Committee found that foreigners held between eighty and ninety percent of Indian Patents and that more than ninety percent of these Patents were not even worked in India. The Committee concluded that the system was being exploited by Multinationals to achieve monopolistic control over the market, especially in relation to vital industries such

as food, chemicals and pharmaceuticals.

The Patents Act, 1970 has been amended keeping in view the development of technological capability in India, coupled with the need for integrating our intellectual property system with international practices and intellectual property regimes. The amendments have also been aimed at making the Act, a modern, harmonized and user-friendly legislation to adequately protect national and public interests while simultaneously meeting India's international obligations.

### THE PATENTS ACT, 1970

The Patents Act, 1970 remained in force (in its pristine form) for about 24 years without any change, i.e. till December 1994. Being a landmark legislation in the field of industrial development in India, the basic philosophy of the Act is that Patents are to be granted to encourage inventions and to secure that these inventions are worked on a commercial scale without undue delay; and Patents are granted not merely to enable the Patentee to enjoy a monopoly for the importation of the Patented article into the country. The said philosophy is being implemented through introduction of concepts like Compulsory Licensing, Registration of only Process Patents for food, medicine(s) or drug(s), pesticides and substances produced by chemical processes which, apart from chemical substances normally understood, also include items such as alloys, optical glass, semi-conductors, inter metallic compounds etc. It may however be noted that products vital to our economy, such as agriculture & horticulture products, atomic energy inventions and all living things, are not Patentable. Thus, the Patents Act, 1970 was expected to provide a reasonable balance between adequate and effective protection of Patents on the one hand and the technology development, public interest and specific needs of the country on the other.

Uruguay round of GATT negotiations paved the way for WTO. Therefore, India was put under the contractual obligation to amend its Patents Act in compliance with the provisions of TRIPS. India had to meet the first set of requirements on 1st January 1995. Accordingly, an Ordinance effecting certain changes in the Act was promulgated on 31st December 1994, which ceased to operate after six months. Subsequently, another Ordinance was promulgated in the year 1999. This Ordinance was subsequently replaced by the Patents (Amendment) Act, 1999 that was brought into force retrospectively from 1st January, 1995. The amended Act provided for filing of applications for Product Patents in the areas of drugs, pharmaceuticals and agro chemicals though such Patents were not allowed earlier. However, such applications were to be examined only after 31st December 2004. Meanwhile, the applicants could be allowed Exclusive Marketing Rights (EMR) to sell or distribute these products in India, subject to fulfillment of certain conditions.

India amended its Patents Act again in the year 2002 through the Patents (Amendment) Act, 2002 increasing the term of Patent to 20 years for all technology, reversal of burden of proof, compulsory licences etc. This Act came into force on 20th May 2003 with the introduction of the new Patent Rules, 2003 by replacing the earlier Patent Rules, 1972.

The third amendment to the Patents Act, 1970 was introduced through the Patents (Amendment) Ordinance, 2004 w.e.f. 1st January, 2005 incorporating provisions for granting Product Patent in all fields of Technology, including chemicals, food, drugs & agrochemicals. This Ordinance was later replaced by the Patents (Amendment) Act 2005 on 4th April, 2005 which is in force now and having effect from 1st January 2005.

Salient Features of the Act.-

- a) A Patent is an exclusive right granted by a country to the owner of an invention to make, use, manufacture and market the invention, provided the invention satisfies certain conditions stipulated in the law.
- b) Exclusivity of right implies that no one else can make, use, manufacture or market the invention without the consent of the Patent holder. This right is available only for a limited period of time.

- c) However, the use or exploitation of a Patent may be affected by other laws of the country which has awarded the Patent.
- d) These laws may relate to health, safety, food, security, etc. Further, existing Patents in similar area may also come in the way.
- e) A Patent in the law is a property right and hence, can be gifted, inherited, assigned, sold or licensed.
- f) As the right is conferred by the State, it can be revoked by the State under very special circumstances even if the Patent has been sold or licensed or manufactured or marketed in the meantime.
- g) The Patent right is territorial in nature and inventors/their assignees will have to file separate Patent applications in countries of their interest, along with necessary fees, for obtaining Patents in those countries.

A Patent is an official document given to an inventor by the Government allowing him to exclude anyone else from commercially exploiting his invention for a limited period, which is 20 years at present. As per the Supreme Court of India, the object of the Patent Law is to encourage scientific research, new technology and industrial progress. Grant of exclusive privilege to own, use or sell the method or the product patented for a limited period, stimulates new inventions of commercial utility. The price of the grant of the monopoly is the disclosure of the invention at the Patent Office, which, after the expiry of the fixed period of the monopoly, passes into the public domain [M/s Bishwanath Prasad v. Hindustan Metal Industries, AIR1982 SC 1444]. By granting an exclusive right, the Patent Law provides an incentive to the individuals, offering them recognition for their creativity and material reward for their marketable inventions. In return for the exclusive right, the inventor has to adequately disclose the patented invention to the public, so that others can gain the new knowledge and can further develop the technology. The disclosure of the invention is thus an essential consideration in any Patent granting procedure.

### AMENDMENTS TO THE PATENTS ACT, 1970

After India became a signatory to the TRIPS agreement, forming part of the Agreement establishing the World Trade Organization (WTO) for the purpose of reduction of distortions and impediments to International Trade and Promotion of effective and adequate protection of Intellectual Property Rights, the Patents Act, 1970 has been amended in the years 1995, 1999, 2002 and 2005 respectively to meet its obligations under the TRIPS agreement. The Patents Act has been amended keeping in view the development of technological capability in India, coupled with the need for integrating our Intellectual Property System with international practices and Intellectual Property Regimes around the world. The amendments were also aimed at making the Act a modern, harmonized and user-friendly legislation to adequately protect national and public interests while simultaneously meeting India's international obligations under the TRIPS Agreement.

Subsequently, the rules under the Patents Act were also amended and these became effective from May, 2003. These rules have been further amended by Patents (Amendment) Rules 2005, Patents (Amendment) Rules 2006, Patents (Amendment) Rules 2012, Patents (Amendment) Rules 2013, Patents (Amendment) Rules 2014, Patents (Amendment) Rules 2015, Patents (Amendment) Rules 2016, Patents (Amendment) Rules 2017 and Patents (Amendment) Rules 2019 respectively. Thus, the Patent (Amendment) Act, 2005 is now fully in force and operative along with the Patents Rules, 2003 (as modified and amended by the aforementioned Amendment Rules).

### Patent Rules

Under the provisions of Section 159 of the Patents Act, 1970 the Central Government is empowered to make

rules for implementing the Act and regulating Patent administration. Accordingly, the Patents Rules, 1972 were notified and brought into force w.e.f. 20th April 1972. These Rules were amended from time to time till 20th May 2003 when new Patent Rules, 2003 were brought into force by replacing the 1972 rules. As already provided above, these rules were further amended by the Patents (Amendment) Rules, 2005, Patents (Amendment) Rules, 2006, Patents (Amendment) Rules 2012, Patents (Amendment) Rules 2013, Patents (Amendment) Rules 2014, Patents (Amendment) Rules 2015, Patents (Amendment) Rules 2016, Patents (Amendment) Rules 2017 and Patents (Amendment) Rules 2019 respectively.

The Government of India published Patent (Amendment) Rules, 2016 (Rules) vide notification dated May 16, 2016 thereby amending the Patent Rules, 2003. Further to it, in the latest amendments to Patents Rules, 2003, Department of Industrial Policy and Promotion (DIPP) has amended Patent Rules 2003 with effect from 1st December 2017 called as the Patent (Amendment) Rules, 2017 which was further modified in 2019 and came into effect from the date of publication i.e 17th September, 2019. A detailed discussion on Patents (Amendment) Rules, 2016, Patents (Amendment) Rules, 2017 and Patents Rule, 2019 is provided below.

### Patent (Amendment) Rules, 2016

The Patents (Amendment) Rules, 2016 which came into force on May 16, 2016 were introduced to gear up and encourage start-ups in different fields in support of the Hon'ble Prime Minister of India's "Startup India Action Plan", and contains some very important amendments with respect to timelines and costs. The said amendments are summarized below:

1. **Start-ups:** It has been stated that the current fee schedule that is applicable to individuals shall also be applicable to the start-ups (Table 1). The Rules further define a 'start-up' as any innovative entity incorporated or registered within the last five years and not having annual gross revenue of more than \$3,736,060. However, it has been clarified that an entity formed through reorganization or by dividing an existing business will not be recognized as a start-up. Therefore, any attempt to dress-up as a start-up when one is not has been carefully kept out of the benefit conferred by the said amendment.
2. **Sequence Listing:** There is now a cap on the fee for sequence listing pages (Table 1).
3. **Expedited Examination:** An expedited examination process has now been introduced in case where the applicant is a start-up or if India has been indicated as the International Searching Authority and/or International Preliminary Examining Authority in the corresponding international application. To avail such expedited examination process the request for a non-published application has to be accompanied by a request for an expedited publication as well (fees defined in the earlier Rules are applicable, as shown in Table 1). Prior to this amendment, an expedited examination process was possible only for a PCT National Phase applications and not for Indian applicants filing direct applications. The Controller has however been vested with discretionary power to restrict the number of expedited examination requests received during an year by way of a notice published in the official journal.
4. **First Examination Report Response:** The time to place an application for grant has been reduced from 12 months to 6 months from the date of receipt of the First Examination Report (FER). An extension of up to three months is also available. The Patent Office issued a subsequent clarification that the time to place an application in order for grant shall remain 12 months for FER's issued before May 16, 2016.
5. **Divisional Application:** A divisional application will be referred for examination at the same time as the parent application. If the parent application has already been referred to an examiner, then a Request for Examination has to be filed at the time of filing the divisional, which will then be published within one month from the date of filing and referred to an examiner within one month from the date of publication.

6. **Hearing:** For applications where a hearing has been scheduled, the number of adjournments has been restricted to two (request for adjournment is to be filed at least three days before the date of hearing) and each adjournment cannot be for more than thirty days. Here again, the Controller has the discretionary powers to decide whether the case is fit for adjournment or not. Written submissions after hearing are to be submitted within fifteen days from the date of hearing. No such provisions existed under the earlier Rules.
7. **Power of Authorization/Attorney (POA):** A deadline has been introduced for POA submission in favor of a Patent Agent (three months from the date of filing).
8. **Time for National Phase Entry:** Even if sufficient cause exists, it is no longer possible to file a National Phase application along with a petition under Rule 138 within one month after the lapse of thirty one months from the priority date.

### Patent Amendment Rules, 2017

The Department of Industrial Policy and Promotion (DIPP) had amended the Patent Rules 2003 through the introduction of the Patent (Amendment) Rules, 2017. The said amendment was made effective from 1st December 2017. Under the Amended Rules the definition of “startup” under rule 2(fb) has been substituted with a new definition. A more liberal definition of “startup” has now been incorporated which allows domestic as well as foreign entities to claim benefits, such as, fast-track mechanism and lower fee for filing patents.

According to the Patent (Amendment) Rules, 2017:

“Startup” means:

- (a) an entity in India recognized as a startup by the competent authority under Startup India Initiative.
- (b) In case of a foreign entity, an entity fulfilling the criteria for turnover and period of incorporation/ registration as per Startup India Initiative and submitting declaration to that effect.

It has been provided in the Explanation further that, in calculating the turnover, reference rates of foreign currency of Reserve Bank of India shall prevail.

To understand the reason and rationale of introducing the Patents (Amendment) Rules, 2017 it is important to analyse the change in the definition of “startups”. Under the 2016 Amendment Rules, “Startups” were defined as entities which are working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property where more than five years have not been lapsed from the date of incorporation/registration with a maximum turnover of INR 25 crore per year. Now under the Patent (Amendment) Rules, 2017, a “startup” can be any Indian entity recognized as a startup by the competent authority under the Startup India Initiative or a foreign entity that fulfils criteria for turnover and period of incorporation/registration as per Startup India Initiative.

Further, under the “Startup India” Initiative an entity shall be considered as a Startup, if it fulfils following criteria:

1. incorporated as a private limited company or registered as a partnership firm or a limited liability partnership in India;
2. incorporated or registered in India not prior to seven years, however for Biotechnology Startups not prior to ten years;
3. turnover for any of the financial years since incorporation/ registration has not exceeded INR 25 crores;
4. has not been formed by splitting up or reconstruction of a business that was already in existence; and

5. working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation.

From the aforementioned discussion it can be concluded that the period of incorporation/registration that was 5 years under the 2016 amendment rules has been extended to now 7 years (10 years in case of biotechnology startups) by the 2017 rules. Further, foreign companies can now claim benefits if they fulfill the above mentioned criteria with respect to turnover and period of registration as per “Startup India” Initiative. Moreover, to claim benefits for filing patents, the Indian entity should be recognized as a startup by a competent authority under the “Startup India” Initiative, whereas a foreign entity may provide equivalent documents as an evidence for fulfilling criteria for turnover and period of incorporation/registration as per “Startup India” Initiative along with a declaration to that effect.

### The Patents (Amendment) Rules, 2019

The Central Government published the amended rules on 17th September 2019 which are based on the objections and the suggestions received from the public in respect of the amended draft rules as issued on 5th December 2018.

1. The first Amendment states that the changes in The Patents (Amendment) Rules, 2019 shall come into force from the date of its publication in the Official Gazette.
2. The second Amendment states changes in Rule 6 sub-rule (1), that is ;

In the former rule, the scanned copies of original documents were also required to be submitted by electronic transmission, whereas in the amended rule the requirement of scanned copies of original document has been omitted.

3. The third Amendment states changes in rule 7 sub-rule (1), that is ;

In the amended rule, the second proviso widens the scope by including startups as an option for small entities, whereas the former rule mentioned only small entities.

4. The fourth Amendment states changes in clause (b), sub-rule (1) of rule 24C of the former amended draft(Dec2018), that is;

In the amended rule(2019), clause (b) has been further revised with the followings clauses along with the Explanations;

- “(b) that the applicant is a startup; or
- (c) that the applicant is a small entity; or
- (d) that if the applicant is a natural person or in the case of joint applicants, all the applicants are natural persons, then the applicant or at least one of the applicants is a female; or
- (e) that the applicant is a department of the Government; or
- (f) that the applicant is an institution established by a Central, Provincial or State Act, which is owned or controlled by the Government; or
- (g) that the applicant is a Government company as defined in clause (45) of section 2 of the Companies Act, 2013 (18 of 2013); or
- (h) that the applicant is an institution wholly or substantially financed by the Government”

**Explanation:** For the purpose of this clause, the term ‘substantially financed’ shall have the same



meaning as in the Explanation to sub-section (1) of section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971(56 of 1971); or

- (i) that the application pertains to a sector which is notified by the Central Government on the basis of a request from the head of a department of the Central Government: Provided that public comments are invited before any such notification; or
- (j) that the applicant is eligible under an arrangement for processing a patent application pursuant to an agreement between Indian Patent Office and a foreign Patent Office.

**Explanation:** The patentability of patent applications filed under clause (j) above will be in accordance with the relevant provisions of the Act."

5. The fifth Amendment states changes in the FIRST SCHEDULE with respect to the PCT International Application, which are as below:

- (a) The following row has been inserted which mentions that no transmittal fee is payable for the international application:

"48 A	Transmittal fee for International application (for ePCT filing).	–	No fee	No fee	No fee	Not applicable	Not applicable	Not applicable"
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- (b) The following row has been inserted to clarify that the Applicant is not required to pay a fees for preparation of certified priority document copy any more:

"49 A	For preparation of certified copy of priority document and e-transmission through WIPO DAS.	–	No fee	No fee	No fee	Not applicable	Not applicable	Not applicable"
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(A column has been inserted in the rows by "Number of the relevant form" keeping it blank, which was not mentioned in the former amended draft rules).

6. The sixth Amendment states changes in the SECOND SCHEDULE Form 18A which are:

- (a) Paragraph 3 has been substituted with clauses as per sub-rule 1, Rule 24C which lists the grounds applicable/available to the applicants who wish to request for an expedited examination.
- (b) Paragraph 4 has been added which lists the Documents that are to be mandatorily submitted as evidence of eligibility for availing expedited examination.

## PATENTABLE SUBJECT MATTER AND PATENTABILITY CRITERIA

**Elements of Patentability** - A Patent is granted for an invention which may be related to any process or product. An invention is different from a discovery. A discovery is something that already existed but has now been discovered.

Not all inventions are Patentable. An invention must fulfill certain requirements in order to be qualified as Patentable. These requirements are known as 'conditions of Patentability'. The term 'invention' under the Patents Act, 1970 has been defined as 'a new product or process involving an inventive step and capable of industrial application.' (Section 2(1)(j)).

The Patent must be in respect of an invention and not a mere discovery. The fundamental principle of the

Patent Law is that a Patent is granted only for an invention which must be new and useful. That is to say, it must have novelty and utility. It is essential for the validity of a Patent that it must be the inventor's own discovery as opposed to mere verification of what was already known before the date of the Patent. It is important to bear in mind that in order to be Patentable an improvement on something known before or a combination of different matters already known, should be something more than a mere workshop improvement; and must independently satisfy the test of invention or an 'inventive step'. To be Patentable the improvement or the combination must produce a new result, or a new article or a better or cheaper article than before.

The term 'New invention' is defined as any invention or technology which has not been anticipated by publication in any document or used in the country or elsewhere in the world before the date of filing of Patent application with complete specification, i.e., the subject matter has not fallen in public domain or that it does not form part of the state of the art [Section 2(1)(l)] where, 'capable of industrial application', in relation to an invention, means that the invention is capable of being made or used in an industry [Section 2(1)(ac)].

In the case of *Raj Prakash v. Mangat Ram Choudhary*, AIR 1978 Del 1, it was held that an invention, as is well known, is to find out something or discover something not found or discovered by anyone before. It is not necessary that the invention should be anything complicated. The essential thing is that the inventor was first to adopt it. The principle, therefore, is that every simple invention that is claimed, so long as it is something which is novel or new, it would be an invention and the claims and specifications have to be read in that light.

## **DURATION OF PATENTS - LAW AND POLICY CONSIDERATION**

The legal rights accrued by securing a Patent for an invention can be exercised for a limited period, which is specified in the Patent legislation of the country concerned. This period is called as the 'Term of the Patent'. Currently, in all member countries of WTO, including India, the term is twenty years from the date of filing the application. It should be noted that this term is not automatically renewed and depends on the payment of the prescribed annual fee within the stipulated time. If this fee (maintenance fee) is not paid, the Patent will lapse and become the public property. Subsequently, a fresh application for Patent for the said invention cannot be filed, as the novelty of the invention has been lost. Therefore, one has to be very careful to keep the Patent alive by paying the prescribed renewal fee within the time prescribed.

Section 53 of the Patents Act, 1970 provides that the term of every Patent granted after the commencement of the Patents (Amendment) Act, 2002 and the term of every Patent which has not expired and has not ceased to have effect, on the date of such commencement, shall be twenty years from the date of filing of application for the Patent.

Explanation to Section 53(1) clarifies that the term of Patent in case of international applications filed under the PCT designating India, shall be twenty years from the international filing date accorded under the Patent Cooperation Treaty.

A Patent shall cease to have effect on the expiration of the period prescribed for the payment of any renewal fee, if that fee is not paid within the prescribed period or within such extended period as may be prescribed. Further, on cessation of the Patent right due to non-payment of renewal fee or on expiry of the term of Patent, the subject matter covered by the said Patent shall not be entitled to any protection.

Rule 80 requires that to keep a Patent in force, the renewal fees specified in the First Schedule should be paid at the expiration of the second year from the date of the Patent or of any succeeding year and the same should be remitted to the Patent Office before the expiration of the second or the succeeding year. Sub-rule (1A) inserted by Patents (Amendment) Rules, 2005 provides that the period for payment of renewal fees may be extended to such period not being more than six months if the request for such extension of time is made in



Form 4 with the fee specified in the First Schedule. While paying the renewal fee, the number and date of the Patent concerned and the year in respect of which the fee is paid is required to be quoted. The annual renewal fees payable in respect of two or more years may be paid in advance.

## ELEMENTS OF PATENTABILITY - NOVELTY AND NON OBVIOUSNESS (INVENTIVE STEPS AND INDUSTRIAL APPLICATION)

The conditions of Patentability are:

- Novelty
- Inventive step (non-obviousness) and
- Industrial applicability (utility)

**Novelty.**- A novel invention is one which has not been disclosed in the prior art where 'prior art' means everything that has been published, presented or otherwise disclosed to the public on the date of Patent (The 'Prior Art' includes documents in foreign languages disclosed in any format in any country of the world). For an invention to be judged as novel, the disclosed information should not be available in the 'Prior Art'. This means that there should not be any prior disclosure of any information contained in the application for Patent (anywhere in the public domain, either written or in any other form, or in any language) before the date on which the application is first filed i.e. the 'priority date'.

Therefore, an invention shall be considered to be new, if it does not form part of the prior art. Although the term 'Prior art' has not been defined under the Patents Act, 1970 it shall be determined by the provisions of Section 13 read with the provisions of Sections 29 to 34.

- (a) An invention shall not be considered to be novel if it has been anticipated by publication before the date of filing of the application in any of the specification filed in pursuance of application for Patent in India on or after the 1st day of January 1912.
- (b) An invention shall not be considered to be novel if it has been anticipated by publication made before the date of filing of the application in any of the documents in any country.
- (c) An invention shall not be considered to be novel if it has been claimed in any claim of any other complete specification filed in India which is filed before the application but published after said application.
- (d) An invention shall not be considered to be novel if it has been anticipated having regard to the knowledge, oral or otherwise, available within any local or indigenous community in India or elsewhere.

In the case of *Ganendro Nath Banerji v. Dhanpal Das Gupta*, AIR 1945 Oudh 6, it was held that no general rule can be laid down as to what does or does not constitute an invention. The general criterion seems to be whether that which is claimed lies within the limits of development of some existing trade, in the sense that it is such a development as an ordinary person skilled in that trade could, if he wishes so to do, naturally, make without any inventive step. But novelty need only be established in the process of manufacturing, not in the article produced. Novel combination of two known ideas may be sufficient to establish novelty of subject matter in this respect.

Further, in the case of *Ram Narain Kher v. M/s Ambassador Industries*, AIR 1976 Del 87, the Delhi High Court held that at the time the Patent is granted to a party it is essential that the party claiming Patent should specify what particular features of his device distinguish it from those which had gone before and show the nature of the improvement which is said to constitute the invention. A person claiming a Patent has not only to allege the improvement in art in the form but also that the improvement effected a new and very useful addition to the existing state of knowledge. The novelty or the invention has to be succinctly stated in the claim.

**Inventive Step (Non-obviousness).**- 'Inventive step' is a feature of an invention that involves technical advancement as compared to existing knowledge or having economic significance or both, making the invention non-obvious to a person skilled in that art. Here definition of 'inventive step' has been enlarged to include economic significance of the invention apart from already existing criteria for determining the inventive step.

An invention shall not be considered as involving an inventive step, if, having regard to the state of the art, it is obvious to a person skilled in the art. The term 'obvious' means that something which does not go beyond the normal progress of technology but merely follows plainly or logically from the prior art, i.e., something which does not involve the exercise of any skill or ability beyond that to be expected of the person skilled in the art.

For this purpose a 'person skilled in the art' should be presumed to be an ordinary practitioner aware of what was general common knowledge in the relevant art at the relevant date. In some cases the person skilled in the art may be thought of as a group or team of persons rather than as a single person.

**Industrial Applicability.** - An invention is capable of industrial application if it satisfies following three conditions, cumulatively:-

- can be made;
- can be used in at least one field of activity;
- can be reproduced with the same characteristics as many times as necessary.

An invention to be Patentable must be useful. If the subject matter is devoid of utility it does not satisfy the requirement of invention. For the purpose of utility, the element of commercial or pecuniary success has no relation to the question of utility in Patent law. The usefulness of an alleged invention depends not on whether by following the directions in the complete specification all the results not necessary for commercial success can be obtained, but on whether by such directions the effects that the application/patentee professed to produce could be obtained. The meaning of usefulness is therefore useful for the purpose indicated by the applicant or patentee whether a non-commercial utility is involved. The usefulness of the invention is to be judged, by the reference to the state of things at the date of filing of the patent application, if the invention was then useful, the fact that subsequent improvement have replaced the patented invention render it obsolete and commercially of no value, does not invalidate the patent. Speculation or imaginary industrial uses are not considered to satisfy the industrial application requirement.

### **Non- Patentable Subject Matter**

#### **Inventions Non-Patentable.-**

Under section 3 of the Patents Act, 1970, the following are not inventions and hence are not considered to be patentable. However, examples given are mere illustrations and may not be conclusive on the subject. Objective decisions may be taken on case to case basis.

**(a) An invention which is frivolous or which claims anything obviously contrary to well established laws is not an invention.**

Some examples of a frivolous nature and contrary to natural laws are:-

- A machine purporting to produce perpetual motion.
- A machine alleged to be giving output without any input.
- A machine allegedly giving 100% efficiency.

**(b) An invention, the primary or intended use or commercial exploitation of which would be contrary to**

**public order or morality or which causes serious prejudice to human, animal or plant life or health or to the environment is not an invention.**

Some examples are:

- a. Any device, apparatus or machine or method for committing theft/burglary.
- b. Any machine or method for counterfeiting of currency notes.
- c. Any device or method for gambling.
- d. An invention the use of which can cause serious prejudice to human beings, plants and animals.
- e. Inventions, the intended use or commercial exploitation of which is found to be injurious to public, animal or plant life or health, such as, a method of adulteration of food.
- f. An invention, the primary or intended use of which is likely to violate the well accepted and settled social, cultural, legal norms of morality, e.g. a method for cloning of humans.
- g. An invention, the primary or proposed use of which would disturb the public order e.g. a device for house-breaking.
- h. However, if the primary or intended purpose or commercial exploitation of a claimed invention is not causing serious prejudice to human, animal or plant life or health or to the environment, such subject matter may be considered to be an invention and may be patentable. For instance, a pesticide.

**(c) The mere discovery of a scientific principle or the formulation of an abstract theory or discovery of any living thing or non-living substance occurring in nature is not an invention.**

- (i) A claim for discovery of scientific principle is not considered to be an invention, but such a principle when used with a process of manufacture resulting in a substance or an article may be considered to be an invention.
- (ii) A scientific theory is a statement about the natural world. These theories themselves are not considered to be inventions, no matter how radical or revolutionary an insight they may provide, since they do not result in a product or process. However, if the theory leads to practical application in the process of manufacture of an article or substance, it may well be patentable. A claim for formulation of abstract theory is not considered to be an invention. For example, the fact that a known material or article is found to have a hitherto unknown property is a discovery and not an invention. But if the discovery leads to the conclusion that the material can be used for making a particular article or in a particular process, then the article or process could be considered to be an invention.
- (iii) Finding out that a particular known material is able to withstand mechanical shock is a discovery and therefore not patentable, but a claim to a railway sleeper made of the material would not fall foul of this exclusion, and would be allowable if it passed the tests for novelty and inventive step. Similarly, finding of a new substance or micro-organism occurring freely in nature is a discovery and not an invention.

**(d) The mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance or the mere discovery of any new property or new use for a known substance or of the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least one new reactant is not an invention.**

Section 3(d) provides an explanatory clause to make it more clear which reads as follows:

**“Explanation:-** For the purposes of this clause, salts, esters, ethers, polymorphs, metabolites, pure form, particle

size, isomers, mixtures of isomers, complexes, combinations and other derivatives of known substance shall be considered to be the same substance, unless they differ significantly in properties with regard to efficacy”.

According to this provision, the following are not inventions and hence not patentable:

- (a) Mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance;
- (b) The mere discovery of any new property of a known substance;
- (c) The mere discovery of new use for a known substance;
- (d) The mere use of a known process unless such known process results in a new product or employs at least one new reactant;
- (e) The mere use of a known machine or apparatus.

The explanation to Section 3(d) further clarifies that the salts, esters, ethers, polymorphs, metabolites, pure form, particle size, isomers, mixtures of isomers, complexes, combinations and other derivatives of known substance may be considered to be the same substance. It however states that such salts, esters, ethers, polymorphs, metabolites, pure form, particle size, isomers, mixtures of isomers, complexes, combinations and other derivatives of such known substance may be considered as patentable only if they differ significantly in properties with regard to efficacy.

The Examiner on a case to case basis applies the test as to what constitutes such salts, esters, ethers, polymorphs, metabolites, pure form, particle size, isomers, mixtures of isomers, complexes, combinations and other derivatives to differ significantly in properties with regard to efficacy from the known substance. The complete specification may bring out clearly and categorically in the description, as to how the subject matter differs significantly in properties with regard to efficacy from the known substance thereof, at the time of filing of the application or subsequently by way of an amendment of specification under section 59.

In a recent case in relation to a pharmaceutical substance, the Madras High Court held that efficacy means therapeutic efficacy. It was held that:

- going by the meaning for the word “efficacy” and “therapeutic”... what the patent applicant is expected to show is, how effective the new discovery made would be in healing a disease having a good effect on the body? In other words, the patent applicant is definitely aware as to what is the “therapeutic effect” of the drug for which he had already got a patent and what is the difference between the therapeutic effect of the patented drug and the drug in respect of which patent is asked for.”

“Due to the advanced technology in all fields of science, it is possible to show by giving necessary comparative details based on such science that the discovery of a new form of a known substance had resulted in the enhancement of the known efficacy of the original substance and the derivatives so derived will not be the same substance, since the properties of the derivatives differ significantly with regard to efficacy.” (Novartis AG Vs. Union of India, W.P. No. 24760/06)

In the case of Novartis AG v. Union of India & Ors. (Civil Appeal Nos. 2706-2716 OF 2013 Arising out of SLP(C) Nos. 20539-20549 OF 2009, decided by Supreme Court on 1st April, 2013, AIR 2013 SC 1312, 1313), the Supreme Court held that the primary purpose of section 3(d), as is evidenced from the legislative history, is to prevent “evergreening” and yet to encourage incremental inventions. “Evergreening” is a term used to label practices that have developed in certain jurisdictions wherein a trifling change is made to an existing product, and claimed as a new invention. The coverage/protection afforded by the alleged new invention is then used to extend the patentee’s exclusive rights over the product, preventing competition. By definition, a trifling change,

or in the words of the section “a mere discovery of a new form of a known substance”, can never ordinarily meet the threshold of novelty and inventive step under clauses (j) and (ja) of section 2(1). An invention cannot be characterized by the word “mere”. The word “invention” is distinct from the word “discovery”.

**(e) A substance obtained by a mere admixture resulting only in the aggregation of the properties of the components thereof or a process for producing such substance is not an invention.**

An admixture resulting in synergistic properties is not considered as mere admixture, e.g., a soap, detergent, lubricant and polymer composition etc, and hence may be considered to be patentable.

A mere aggregation of features must be distinguished from a combination invention. The existence of a combination invention requires that the relationship between the features or groups of features be one of functional reciprocity or that they show a combinative effect beyond the sum of their individual effects. The features should be functionally linked together which is the actual characteristic of a combination invention.

In general, all the substances which are produced by mere admixing, or a process of producing such substances should satisfy the requirement of synergistic effect in order to be patentable. Synergistic effect should be clearly brought out in the description by way of comparison at the time of filing of the Application itself. The subsequent submissions regarding synergism can be accepted in a reply to the office action as a further support of synergy. However, such submitted data may be incorporated in the Specification, subject to the provisions of Section 59.

**(f) The mere arrangement or re-arrangement or duplication of known devices each functioning independently of one another in a known way is not an invention.**

In order to be patentable, an improvement on something known before or a combination of different matters already known, should be something more than a mere workshop improvement; and must independently satisfy the test of invention or an ‘inventive step’. To be patentable, the improvement or the combination must produce a new result, or a new article or a better or cheaper article than before. A combination of old known integers may be so combined that by their working inter-relation, they produce a new process or an improved result. Mere collocation of more than one integers or things, not involving the exercise of any inventive faculty, does not qualify for the grant of a patent. (*Biswanath Prasad Radhey Shyam v. Hindustan Metal Industries* (1979) 2 SCC, 511).

A new and useful application of an old principle may be good subject-matter. An improvement on something known may also afford subject-matter; so also a different combination of matters already known. A patentable combination is one in which the component elements are so combined as to produce a new result or arrive at an old result in a better or more expeditious or more economical manner. If the result produced by the combination is either a new article or a better or cheaper article than before, the combination may afford subject-matter of a patent. (*Lallubhai Chakubhai v. Chimanlal and Co.*, AIR 1936 Bom 99.)

An invention claiming a mere juxtaposition of known devices in which each device functions independently is not considered patentable. Merely placing side-by-side old integers so that each performs its own function independently of the others is not a patentable combination. [As for example: a flour mill provided with sieving means].

However, where the old integers when placed together have some working interrelation, producing a new or improved result, then there could be a patentable subject matter in the working interrelation brought about by the collection of the integers.

When two or more features of an apparatus or device are known, and they are juxtaposed without any interdependence on their functioning, they should be held to have been already known. (*Rampratap v. Bhabha Atomic Research Center*, 1976 IPLR 28 P. 35), e.g., an umbrella with fan (388/Bom/73), bucket fitted with

torch, clock and transistor in a single cabinet. These are not patentable, since they are nothing but mere arrangement and rearrangement of items without having any working interrelationship between them and are devices capable of functioning independently of each other.

As for instance, in the case of an application for a patent in respect of an apparatus for producing metallic bellows, the hydraulic machine and the roll forming machine disclosed therein were functioning as separate machines independently of each other and as such had no novel feature. Hence, there is no invention when a claim is made on known types of hydraulic forming and roll forming machines functioning independently of each other.

A new combination may be the subject matter of a patent although every part of the combination, per se, is old, for here the new article is not the parts themselves but the assembling and working of the parts, together. The merit of a new combination very much depends upon the result produced. Where a slight alteration turns that which was practically useless into what is useful and important, it is fit subject matter for a patent (*Lallubhai Chakkubhai v. Shamaldas Sankalchand Shah*, AIR 1934 Bom 407).

**(h) A method of agriculture or horticulture is not an invention.**

Examples of subject matters excluded from patentability under this provision are:

- (a) A method of producing a plant, even if it involved a modification of the conditions under which natural phenomena would pursue their inevitable course (for instance a green house).
- (b) A method of producing improved soil from the soil with nematodes by treating the soil with a preparation containing specified phosphorathioates.
- (c) A method of producing mushrooms.
- (d) A method for cultivation of algae.

**(i) Any process for the medicinal, surgical, curative, prophylactic, diagnostic, therapeutic or other treatment of human beings or any process for a similar treatment of animals to render them free of disease or to increase their economic value or that of their products is not an invention.**

This provision excludes from patentability, the following:

- (a) **Medicinal methods:** As for example a process of administering medicines orally, or through injectables, or topically or through a dermal patch.
- (b) **Surgical methods:** As for example a stitch-free incision for cataract removal.
- (c) **Curative methods:** As for example a method of cleaning plaque from teeth.
- (d) **Prophylactic methods:** As for example a method of vaccination.
- (e) **Diagnostic methods:** Diagnosis is the identification of the nature of a medical illness, usually by investigating its history and symptoms and by applying tests. Determination of the general physical state of an individual (e.g. a fitness test) is considered to be diagnostic.
- (f) **Therapeutic methods:** The term —therapy “includes prevention as well as treatment or cure of disease. Therefore, the process relating to therapy may be considered as a method of treatment and as such not patentable.”
- (g) Any method of treatment of animal to render them free of disease or to increase their economic value or that of their products. As for example, a method of treating sheep for increasing wool yield or a method of artificially inducing the body mass of poultry.



- (h) Further examples of subject matters excluded under this provision are: any operation on the body, which requires the skill and knowledge of a surgeon and includes treatments such as cosmetic treatment, the termination of pregnancy, castration, sterilization, artificial insemination, embryo transplants, treatments for experimental and research purposes and the removal of organs, skin or bone marrow from a living donor, any therapy or diagnosis practiced on the human or animal body and further includes methods of abortion, induction of labour, control of estrus or menstrual regulation.
- (i) Application of substances to the body for purely cosmetic purposes is not therapy.
- (j) Patent may however be obtained for surgical, therapeutic or diagnostic instrument or apparatus. Also the manufacture of prostheses or artificial limbs and taking measurements thereof on the human body are patentable.

**(j) Plants and animals in whole or any part thereof other than micro-organisms but including seeds, varieties and species and essentially biological processes for production or propagation of plants and animals are not inventions.**

The subject matters excluded under this provision are:

- (a) Plants in whole or in part
- (b) Animals in whole or in part
- (c) Seeds
- (d) Varieties and species of plants and animals
- (e) Essentially biological process(es) for production or propagation of plants and animals.

Microorganisms, other than the ones discovered from the nature, may be patentable. For instance, genetically modified microorganisms may be patentable subject to other requirements of Patentability.

A new process of preparation of a vaccine under specific scientific conditions, the vaccine useful for protecting poultry against contagious bursitis infection was held to be patentable by the Court on the ratio that the statute does not make a manner of manufacture as un-patentable even if the end products contains a living organism. (Dimminaco – A.G. Vs. Controller of Patents & Designs and Others).

Plant varieties are provided protection in India under the provisions of the Protection of Plant Varieties and Farmers' Rights Act, 2002.

**(k) A mathematical or business method or a computer programme per se or algorithms are not inventions and hence not patentable.**

- a. Under this provision, mathematical methods, business methods, computer programmes per se and algorithms are not considered as patentable subject matter.
- b. Mathematical methods are considered to be acts of mental skill. A method of calculation, formulation of equations, finding square roots, cube roots and all other methods directly involving mathematical methods are therefore not patentable. With the development in computer technology, mathematical methods are used for writing algorithms and computer programs for different applications and the claimed invention is sometimes camouflaged as one relating to the technological development rather than the mathematical method itself. These methods, claimed in any form, are considered to be not patentable.
- c. Business Methods claimed in any form are not patentable subject matter. The term Business Methods

involves whole gamut of activities in a commercial or industrial enterprise relating to transaction of goods or services. With the development of technology, business activities have grown tremendously through e-commerce and related B2B and B2C business transactions. The claims are at times drafted not directly as business methods but apparently with some technical features such as internet, networks, satellites, telecommunications etc. This exclusion applies to all business methods and, therefore, if in substance the claims relate to business methods, even with the help of technology, they are not considered to be a patentable subject matter.

- d. Algorithms in all forms including but not limited to, a set of rules or procedures or any sequence of steps or any method expressed by way of a finite list of defined instructions, whether for solving a problem or otherwise, and whether employing a logical, arithmetical or computational method, recursive or otherwise, are excluded from patentability.
- e. Patent applications, with computer programme as a subject matter, are first examined with respect to (b), (c) and (d) above. If the subject matter of an application does not fall under these categories, then, the subject matter is examined with a view to decide whether it is a computer programme per se.
- f. If the claimed subject matter in a patent application is only a computer programme, it is considered as a computer programme per se and hence not patentable.

Claims directed at computer programme products are computer programmes per se stored in a computer readable medium and as such are not allowable. Even if the claims, inter alia, contain a subject matter which is not a computer programme, it is examined whether such subject matter is sufficiently disclosed in the specification and forms an essential part of the invention.

- g. If the subject matter of a patent application is not found excluded under the foregoing provisions, it shall be examined with respect to other criteria of patentability.

**(l) A literary, dramatic, musical or artistic work or any other aesthetic creation whatsoever including cinematographic works and television productions is not an invention.**

Writings, music, works of fine arts, paintings, sculptures, computer programmes, electronic databases, books, pamphlets, lectures, addresses, sermons, dramatic-musical works, choreographic works, cinematographic works, drawings, architecture, engravings, lithography, photographic works, applied art, illustrations, maps, plans, sketches, three dimensional works relating to geography, topography, translations, adaptations, arrangements of music, multimedia productions, etc. are not patentable. Such works fall within the domain of the Copyright Act, 1957.

**(m) A mere scheme or rule or method of performing mental act or method of playing game is not an invention.**

A mere scheme or rule or method of performing mental act or method of playing game, are excluded from patentability, because they are considered as outcome of mere mental process. For example,

- (a) Method of playing chess.
- (b) Method of teaching.
- (c) Method of learning.

**(n) A presentation of information is not an invention.**

Any manner, means or method of expressing information whether visual, audible or tangible by words, codes, signals, symbols, diagrams or any other mode of representation is not patentable. For example, a speech



instruction means in the form of printed text where horizontal underlining indicated stress and vertical separating lines divided the works into rhythmic groups is not patentable. For instance, railway time table, 100 years calendar etc. In the matter of application No. 94/Cal/2002, the Controller held that the Patent system was meant for protecting only one kind of creativity i.e. technological creativity and since the claimed invention relates to business method and method of presenting information, it is not allowed.

**(o) Topography of integrated circuits is not an invention.**

Since protection of Layout Designs of Integrated Circuits is governed separately under the Semiconductor Integrated Circuit Lay-out Designs Act, 2000, three-dimensional configuration of the electronic circuits used in microchips and semiconductor chips is not patentable.

**(p) An invention which in effect, is traditional knowledge or which is an aggregation or duplication of known properties of traditionally known component or components is not an invention.**

Traditional Knowledge, being knowledge already existing, is not patentable. An example is the antiseptic properties of turmeric for wound healing. Another example is the pesticidal and insecticidal properties of neem. The Examiner conducts an investigation by using the Traditional Knowledge Digital Library (TKDL) and other resources to decide as to whether the claimed subject matter falls within the purview of this provision.

**LML Ltd v. BAJAJ Auto Ltd. [IPAB] TRA/3/2007/PT/DEL Prabha Sridevan, Chairman & D P S Parmar, Technical Member [Decided on 02/05/2013]**

**Brief facts:**

This is a transfer application for revocation of Patent No.189097 granted to Bajaj Auto Limited. This application has been transferred to Intellectual Property Appellate Board (IPAB) by Hon'ble High Court of Delhi vide order No. C.O.No.3 of 2004 dated 25th May, 2007. The applicant in this case, LML Limited is an Indian company incorporated under the Companies Act, 1956 carrying out their business for several years, inter alia, in the field of motor vehicles including two - wheeled motor vehicles such as motorcycles, motorscooters, mopeds and the like. They received a cease and desist notice from respondent on 12th April 2004. The applicant filed a petition for revocation of patent no 189097 at Hon'ble High Court Delhi (CO.NO.3 of 2004) on 27.04.2004. They are therefore 'person interested' to file this revocation application.

**Decision:** Application dismissed.

**Reason:**

We have considered the submissions of the learned counsel for appellant. In the facts of the instant case, it is not disputed that split type shackles have been in use since long prior to the application for the impugned patent. The claimed 'Patent' also used a similar type of mechanism both at the lower end of the rod by which the ceiling fan is hanged and also at the top of the shaft of the fan. The mechanisms have been put in a single piece on both the ends being the lower end of the rod and the upper end of the shaft of the fan.

In order to be patentable an improvement on something known before or combination of different matters already known, should be more than mere workshop improvement. In any opinion, it cannot be said in the instant case, that the patent registered is an inventive step, or that the same is more than a workshop improvement. Furthermore, it is a mere collection of more than one integers or things, not involving the exercise of any inventive faculty as such, the same does not qualify for the grant of patent. It is a device and/or mechanism which had already been in use at the top end of the rod. Merely because the same device and/or mechanism has been made use of the lower end of the rod to couple it with the upper end of the shaft of the fan by using the same mechanism and or device and merely because the two devices have been joined into a single piece

on both sides, it cannot be said that it amounts to a new invention. In my opinion, it is an application of a known mechanism which had already been used for all practical purposes. It was obvious to a skilled worker in the field concerned, in the state of knowledge existing at and prior to the date of the patent and was to be found in the literature and/or knowledge then available to him.

The object of Patent Law is to encourage scientific research, new technology and industrial progress. Grant of exclusive privilege to own, use or sell the method or the product patented for a limited period, stimulates new inventions of commercial utility. The price of the grant of the monopoly is the disclosure of the invention at the Patent Office, which after the expiry of the fixed period of the monopoly, passes into the public domain.

The fundamental principle of Patent Law is that a patent is granted only for an invention which must be new and useful. That is to say, it must have novelty and utility. It is essential for the validity of a patent that it must be the inventor's own discovery as opposed to mere verification of what was, already known before the date of the patent.

It is important to bear in mind that in order to be patentable an improvement on something known before or a combination of different matters already known, should be something more than a mere workshop improvement; and must independently satisfy the test of invention or an 'inventive step'. To be patentable the improvement or the combination must produce a new result, or a new article or a better or cheaper article than before.

We do not find the claimed invention is anticipated by the above referred citations as no clear case is made out by the applicant. This ground therefore fails.

### **Obviousness**

The counsel for applicant submitted that the impugned patent is nothing but a workshop improvement and minor rearrangement of technology that is in the public domain.

The Counsel for the applicant submitted that use of reed valve in the conventional two stroke engine is admitted by the respondent as known (Page 4 para 3 of specification) where carburetor is not directly fixed to the crankcase but it is positioned between crankcase and inlet manifold. Therefore, what emerges from this is that claimed invention is only for an arrangement. According to the counsel claimed invention constitutes nothing more than workshop modification and minor tinkering with well known technology.

The learned counsel submitted that to meet the original challenge of maintaining the monocoque chassis of the scooter and retaining the intake system, chassis shape and engine transmission positioning as it is, patentee decided to place reed valve in a minimum space between the crank case and carburettor housing in the intake system. In order to ascertain obviousness we will now examine the documents relied on by the applicant. We find that UK patent 857575 of Piaggio (1960) which is cited as the closest prior art where carburetor system is directly mounted on the engine intake port 7 engine crank case. This patent does not teach the use of valve between the carburettor conduit 11 and engine intake port 7. Another US Patent 4475487 cited by applicant is related to 'Joint pipe for the carburetor' for a chain saw or portable machine. Here it shows use of two cylinders (1, 3) with a common crank case 3. The carburetor 4 is placed offset to the intake port 8. The carburetor is connected to reed valve through joint pipe 5. This inventive carburetor joint pipe ensures improved mixing of air fuel mixture. This patent does not teach use of any carburetor housing accommodating carburetor, air filter etc. In this case the carburetor is not directly mounted on crank case but is offset rearwardly from intake port 8. It does not disclose that reed valve is adopted to be positioned between crank case and carburetor housing. In fact the reed valve in this patent is placed between crankcase and joint pipe.

US patent 4964381 is for fuel injection features of a two cycle engine for motorcycles. This intake system is different from impugned patent as it does not disclose that reed valve is positioned between crankcase

and carburetor housing. The monocoque chassis and engine & transmission located at one side is also not disclosed. We do not agree with the applicant that the claimed invention is mere workshop modification and arrangement. We agree with the respondent that one cannot adopt known (or off the shelf) design/shape of reed valve and its mounting arrangement to any or all types of intake system.

Thus, we find that impugned patent is an inventive improvement over UK 857575 which made the invention in question more useful and efficient. The above analysis of all the documents relied on by the applicant clearly demonstrates that claimed invention is not obvious. This ground therefore also fails.

### **Insufficiency**

The counsel for the respondent submitted that no evidence has been adduced by the applicant to prove that the complete specification does not sufficiently and fairly describe the invention and the method by which it is performed. According to the counsel the test results given at page 6 of the specification compared vehicle fitted with the intake system of prior art with the intake system of invention is extra information which is not essential to design and manufacture the claimed invention. The counsel submitted that respondent and disclosed the invention in compliance with section 10.

We also find the specification has disclosed the invention sufficiently and fairly. In absence of any evidence of the applicant to the contrary we are inclined to disagree with the argument of the applicant in respect of insufficiency. This ground therefore also fails.

### **Mere arrangement and rearrangement**

The learned counsel for the applicant submitted that the alleged invention comprises merely in providing a reed valve between the carburetor housing and the crankcase in two stroke internal combustion engine. The reed valve functions in a conventional as a one way valve as admitted by the respondents.

The carburetor and the crankcase carry out their respective well known and conventional functions. According to the learned counsel for the respondent, they have done in connecting the well known and conventional carburetor directly to the well known and conventional reed valve. These three components continue to carry out their respective functions. Therefore, this constitute a mere arrangement or rearrangement or duplication of known devices each of which carry on their own functions in an independent manner, which according to the learned counsel is not patentable under section 3(f) of the Patents Act, 1970.

The counsel for the respondent admitted that all the parts per se are known but the combination function is different. According to the counsel this novel combination of components parts of improved intake system for two stroke engine used particularly in two wheelers having monocoque chassis and where engine and transmission are disposed substantially to one side of the vehicle cannot be termed as mere arrangement or combination. We find the argument of the respondent convincing as the conventional functions of the individual parts would not suggest the increase in the efficiency and reduction of emission. The impugned claim relates to combination of several parts and not any individual part to part. The positive limitation in the claims makes the invention specifically applicable to the type of two wheelers having monocoque chassis and where engine and transmission are disposed substantially to one side of the vehicle. Accordingly, this cannot be described as mere arrangement and rearrangement.

Therefore, this ground also fails. In view of above analysis and findings we are convinced that applicant has not made out a case for revocation of this patent.

## PROCEDURE FOR FILING OF PATENT APPLICATION AND TYPES OF APPLICATIONS

**Application for Patent.-** Section 6 of the Act provides that an application for a patent for an invention may be made by any of the following persons either alone or jointly with another:

- (a) By any person claiming to be the true and first inventor of the invention;
- (b) By any person being the assignee of the person claiming to be the true and first inventor in respect of the right to make such an application;
- (c) By the legal representative of any deceased person who immediately before his death was entitled to make such an application.

As per Section 2(1)(y), “true and first Inventor” does not include either the first importer of an invention into India or a person to whom an invention is first communicated from outside India. The applicant should disclose the name, address and nationality of the true and first applicant.

Assignee can be a natural person or other than natural person like registered company, research organization, educational institute or Government (S. 2 (1)(s)). Assignee includes assignee of the assignee also (S. 2(1)(ab)). ‘Proof of right’ to apply such as assignment deed should be submitted by the assignee.

Legal representative means a person who in law represents the estate of a deceased person (S. 2 (1)(k)). In such a case, they should file death certificate etc. as proof of right.

In case of a convention application, the legal representative or assignee of the applicant in the Convention Country can also file a Patent Application in India.

**Form of Application.-** Section 7 dealing with form of application requires every application for a patent to be made for one invention only. Where the application is made by virtue of an assignment of the right to apply for a patent for the invention, there shall be furnished with the application proof of the right to make the application.

In respect of one single invention there must be one single patent. A patent may be in respect of a substance or in respect of a process. But it is not possible to bifurcate a patent and state that it relates to the substance and the other to the process. In order to have a complete patent, the specifications and the claims must be clearly and distinctly mentioned [Imperial Chemical Industries Ltd. v. Controller General of Patents, designs & Trade Mark & Another AIR 1978 Cal.77.]

Every international application under the Patent Cooperation Treaty (PCT) for a patent, as may be filed designating India shall be deemed to be an application under the Act, if a corresponding application has also been filed before Controller in India. The filing date of such application and its complete specification processed by patent office as designated office or elected office shall be the international filing date accorded under the PCT. Section 7(4) provides that every such application, not being a convention application or an application filed under PCT designating India, shall be accompanied by a provisional or a complete specification.

Mention should be made that obtaining patents can be a long and expensive process. Fortunately for inventors several countries in 1970 decided to simplify the process for protecting patents around the world by creating the Patent Cooperation Treaty (PCT). Under the Patent Cooperation Treaty, inventors can submit just one international application which is valid in any or all of the more than 120 countries that are members of this Treaty. Inventors may apply for a patent either in all the member countries of PCT or in selected group of countries. Only inventors who are citizens or residents of the member countries of the PCT can use this easier system to file international patent applications.

**Specification.-** In order to obtain a patent, an applicant must fully and particularly describe the invention

therein claimed in a complete specification. The disclosure of the invention in a complete specification must be such that a person skilled in the art may be able to perform the invention. This is possible only when an applicant discloses the invention fully and particularly including the best method of performing the invention. The Specification is a techno-legal document containing full scientific details of the invention and claims to the patent rights. The Specification, thus, forms a crucial part of the Patent Application. It is mandatory on the part of an applicant to disclose fully and particularly various features constituting the invention. The Specification may be filed either as a provisional or as a complete specification. The Specification (provisional or complete) is to be submitted in Form-2 along with the Application in Form-1 and other documents, in duplicate, along with the prescribed fee as given in the First Schedule. The first page of the Form 2 shall contain:

- (a) Title of the invention;
- (b) Name, address and nationality of each of the applicants for the Patent; and (c) Preamble to the description.

The title of the invention shall sufficiently indicate the specific features of the invention. Every Specification whether provisional or complete shall describe the invention. The applicant shall submit drawings, wherever required. The Controller may also require the applicant to submit drawings, if necessary at the examination stage [Section 9, 10]

Such drawings shall form a part of the Specification and suitable references thereto shall be made in the Specification. The Controller may require the applicant to submit, anytime before the grant, models or samples related to the invention for better illustration of the invention. However, such models or samples shall not form part of the Specification.

**Provisional Specification.-** When the applicant finds that his invention has reached a stage wherein it can be disclosed on paper, but has not attained the final stage, he may prepare a disclosure of the invention in the form of a written description and submit it to Patent Office as a provisional specification which describes the invention.

A provisional specification secures a priority date for the application over any other application which is likely to be filed in respect of the same invention being developed concurrently.

Immediately on receiving the Provisional Specification the Patent Office accords a filing date and application number to the Application.

Section 9 stipulates that an application for a patent accompanying a provisional specification, a complete specification shall be filed within twelve months from the date of filing of the application, and if the complete specification is not so filed, the application shall be deemed to be abandoned.

If two provisional specifications filed by an applicant are cognate or if one is a modification of the other, the applicant may file one complete specification covering both the provisional applications. Such a complete specification shall have to be filed within twelve months from the date of filing of the first provisional application. In such cases, date of filing of application is the date of filing of the earliest provisional specification and shall bear the number of that application.

An applicant may, within twelve months from the filing of a complete specification (not being a convention application or a PCT National Phase Application), convert the same into a provisional specification. Consequently, the applicant has to file a complete specification within twelve months from the date of first filing.

A provisional specification (i.e. the one filed directly or the one converted from a complete specification) may be post-dated to the date of filing of the complete specification.

**Complete Specification.-** The complete specification is a techno-legal document which fully and particularly describes the invention and discloses the best method of performing the invention. As the complete specification is an extremely important document in the patent proceedings it is advised that it should be drafted with utmost care without any ambiguity.

**Important Elements of Complete Specification.-** As per Section 10, every complete specification is required to –

- (a) Fully and particularly describe the invention and its operation or use and the method by which it is to be performed;
- (b) Disclose the best method of performing the invention which is known to the applicant and for which he is entitled to claim protection; and
- (c) End with a claim or claims defining the scope of the invention for which protection is claimed; and
- (d) Be accompanied by an abstract to provide technical information on the invention.

Also, make reference to deposit of the biological material in the International Depository Authority, if applicable.

However, the Controller may amend the abstract for providing better information to third parties and if the applicant mentions a biological material in the specification which may not be described in such a way as to satisfy clauses (a) and (b) above and if such material is not available to the public, the application shall be completed by depositing the material to an International Depository Authority under the Budapest Treaty and by fulfilling the following conditions, namely:

- (i) the deposit of the material shall be made not later than the date of filing the patent application in India and a reference thereof shall be made in the specification within the prescribed period;
- (ii) all the available characteristics of the material required for it to be correctly identified or indicated are included in the specification including the name, address of the depository institution and the date and number of the deposit of the material at the institution;
- (iii) access to the material is available in the depository institution only after the date of the application for patent in India or if a priority is claimed after the date of the priority;
- (iv) disclose the source and geographical origin of the biological material in the specification, when used in an invention.

A complete specification customarily begins after the title, with a general preamble stating the subject to which the invention relates, followed by a detailed description of one or more embodiments of the inventions. In an infringement action, the function of the Court is to construe the claims which are alleged to have been infringed, without reference to the body of the specification, and to refer to the body of the specification only if there is any ambiguity or difficulty in the construction of the claims in question [Farbwerke Hoechst v. Unichem Laboratories, AIR1969 Bom 255]

In case of an international application designating India the title, description, drawings, abstracts and claims filed with the application shall be taken as the complete specification for the purposes of the Act. The claim or claims of a complete specification shall relate to a single invention, or to a group of inventions linked so as to form a single inventive concept, shall be clear and succinct and shall be fairly based on the matter disclosed in the specification. [Section 10(4)(a)]

**Types of Patent Applications.-**



1. Ordinary Application, i.e., an Application which has been filed directly in the Indian Patent Office and which is non provisional
2. Provisional Application - It is an application which is filled when the invention is under progress and not finalized .
3. Convention Application.- it is filled in the patent office claiming a priority date based on the same or substantially similar application filled in one or more convention countries. For giving status of convention application an application must be filled in Indian Patent office within 12 months from the date of first filling of a similar application in the convention country.
4. PCT Application- it an international application governed by the patent cooperation treaty and hence can be validated in 142 countries.
5. Divisional Application, which can result from division of a Patent Application.
6. Patent of Addition, which may be filed subsequent to the Filing of an Application for Patent, for an improvement or modification. [Section 7, 54, 135].

Where to Apply.- As per Rule 4 of the Patents Rules, 2003, application for the patent has to be filed in the respective patent office as mentioned below where the territorial jurisdiction is decided based on whether any of the following occurrences falls within the territory:

- (a) Place of residence, domicile or business of the applicant (first mentioned applicant in the case of joint applicants)
- (b) Place from where the invention actually originated.
- (c) Address for service in India given by the applicant when he has no place of business or domicile in India. (Rule 5)

A foreign applicant should give an address for service in India and the jurisdiction will be decided upon that. An applicant (Indian or foreigner) can also give his Patent Agent's address as address for serving documents if he/she wishes so.

Application for Patent shall be filed with the Patent Office having the appropriate jurisdiction. Territorial jurisdiction of a patent office is decided based on the following:

- (i) Place of residence, domicile or business of the applicant (first mentioned applicant in the case of joint applicants).
- (ii) Place from where the invention actually originated.
- (iii) Address for service in India given by the applicant, when the Applicant has no place of business or domicile in India (Foreign applicants).

### Procedure for a Patent Application

- **Filing Procedure.-** A patent application shall be filed in Form-1 along with Provisional / Complete Specification, with the prescribed fee as given in First Schedule at an appropriate office. However, a provisional specification cannot be filed in case of a Convention Application (either directly or through PCT routes). Normal fee shall be applicable for applications containing upto thirty pages in specification and upto 10 claims. If the specification exceeds thirty pages or claims are more than ten in number, additional fee as given in First Schedule is payable. [Section 7, First Schedule].

– **Contents of Patent Application.-** A patent application should contain:

1. Application for grant of patent in Form-1.
2. Applicant has to obtain a proof of right to file the application from the inventor. The Proof of Right is either an endorsement at the end of the Application Form-1 or a separate assignment.
3. Provisional / complete specification in Form-2.
4. Statement and undertaking under Section 8 in Form- 3, if applicable. An applicant must file Form 3 either along with the application or within 6 months from the date of application.
5. Declaration as to inventorship shall be filed in Form for Applications accompanying a Complete Specification or a Convention Application or a PCT Application designating India. However, the Controller may allow Form-5 to be filed within one month from the date of filing of application, if a request is made to the Controller in Form-4.
6. Power of authority in Form-26, if filed through a Patent Agent. In case a general power of authority has already been filed in another application, a self attested copy of the same may be filed by the Agent. In case the original general power of authority has been filed in another jurisdiction, that fact may also be mentioned in the self attested copy
7. Priority document is required in the following cases:
  - (a) Convention Application (under Paris Convention).
  - (b) PCT National Phase Application wherein requirements of Rule 17.1 (a or b) of regulations made under the PCT have not been fulfilled.

The priority document may be filed along with the application or before the expiry of eighteen months from the date of priority, so as to enable publication of the application. In case of a request for early publication, the priority document shall be filed before/along with such request.

8. Every application shall bear the Signature of the applicant or authorized person / Patent Agent along with name and date in the appropriate space provided in the forms.
  9. The Specification shall be signed by the agent/applicant with date on the last page of the Specification. The drawing sheets should bear the signature of an applicant or his agent in the right hand bottom corner.
  10. If the Application pertains to a biological material obtained from India, the applicant is required to submit the permission from the National Biodiversity Authority any time before the grant of the patent. However, it would be sufficient if the permission from the National Biodiversity Authority is submitted before the grant of the patent.
  11. The Application form shall also indicate clearly the source of geographical origin of any biological material used in the Specification, wherever applicable. [Section 7. Rule 8, 12, 13, 135. Also Section 6 of the Biological Diversity Act, 2002 & Rule 17.1 of Regulations made under the PCT].
- **E-filing.-** The Patent Office provides the facility to file a Patent Application online from the native place of the agent of the applicant or applicant through e-filing. For e-filing, applicant/agent must have a digital signature. For the first time, applicant/agent has to register as a new user and has to create login ID and password on the Patent office portal. (Rule 6. Details regarding procedure for e- filing are provided at <http://www.ipindia.nic.in>.)



– **Processing of Application.-** Initial processing

1. On receipt of an application, the Office accords a date and serial number to it. PCT national phase Applications and non-PCT Applications are identified by separate serial numbers.
2. All applications and other documents are digitized, verified, screened, classified and uploaded to the internal server of the Office.
3. Patent applications and other documents are arranged in a file wrapper and the Bibliographic sheet is prepared and pasted on the file cover, so that the files move on for storing in the compactors.
4. The Application is screened for:
  - (a) International Patent Classification.
  - (b) Technical field of invention for allocation to an examiner in the respective field.
  - (c) Relevance to defence or atomic energy.
  - (d) Correcting/completing the abstract, if required. If found not proper, the abstract will be recasted suitably, so as to provide better information to third parties. However, such amendments should not result in a change in the nature of invention.
5. Requests for examination are also accorded separate serial number.

– **Scrutiny of application**

1. The Office checks whether the Application has been filed in appropriate jurisdiction. If the jurisdiction is not appropriate, the application shall not be taken on record and the applicant is informed accordingly.
2. The Office checks for proof of right to file the application. If the proof of right is not filed along with the application, it shall be filed within a period of six months from the date of filing of the application. Otherwise, the applicant shall file the same along with a petition under Rule 137/138.
3. The Office checks whether the application and other documents have been filed in the prescribed format i.e. prescribed forms, request, petitions, assignment deeds, translation etc. Further, the Office checks whether:
  - (a) The documents are prepared on a proper sized paper, typed in appropriate font with proper spacing,
  - (b) The documents are duly signed,
  - (c) Abstract, drawings (if any) have been filed in proper format,
  - (d) Meaningful Claim(s) are present in a complete specification,
  - (e) Power of Attorney or attested copy of General Power of Attorney (if any) is filed,
  - (f) Form-5 has been filed (along with complete after Provisional or for filing PCT- NP/Convention Application),
  - (g) the invention has been assigned to another person and Form 6 has been duly filed. If the right is assigned from an individual to a legal entity, the legal entity is invited to pay the balance fees.

– **Secrecy directions and consequences thereof**

1. After the initial processing and scrutiny of the applications by the patent office, if in the opinion of the Controller an invention pertains to a subject matter relevant for the purpose of defense as notified by the Central Government, the Controller issues a secrecy direction prohibiting the publication of the application to the applicant and refers the matter to the Central Government for their consideration as to whether the application is prejudicial to the defense of India.
2. The Central Government, after considering the merits of the secrecy direction, may give notice to the Controller as to whether the secrecy direction needs to be continued or not.
3. The Central Government reviews the matter at an interval of six months. The applicant may request for a reconsideration of the secrecy direction and if the same is found reasonable by the Controller, he may request the Central Government for a review.
4. If the Central Government is of the opinion that an invention in respect of which the Controller has not imposed a secrecy direction and is relevant for defence purposes, it may at any time before the grant of the patent notify the Controller to that effect. Thereupon, the Controller invokes the provisions of Section 35(1).
5. So long as any directions under Section 35 are in force, the Controller shall not take a decision on grant/refusal of the application. [Section 35, 36, 37, 38].

**Publication of Application** - Section 11A (1) provides that no application for patents shall ordinarily be open to public for such period as may be prescribed. Sub-section (2) entitles an applicant to request the Controller, in the prescribed manner, to publish his application at any time before the expiry of the period prescribed under sub-section (1) and subject to the provisions of sub-section (3). The Controller on receipt of such request shall publish such application in the Official Journal as soon as possible. Every application for patent shall be published on expiry of the period specified in sub-section (1) except those applications in which secrecy direction is imposed under Section 35; or application has been abandoned under section 9(1); or application has been withdrawn three months prior to the period specified under sub-section (1).

Rule 24 dealing with procedure for publication of application provides that the period for which an application for patent shall not ordinarily be open to public under Section 11A(1) shall be eighteen months from the date of filing of application or the date of priority of the application, whichever is earlier. A request for publication under Section 11A (2) is required to be made in Form 9.

The publication of every application shall include the particulars of the date of application, number of application, name and address of the applicant identifying the application and an abstract. Upon publication of an application for a patent, the depository institution shall make the biological material mentioned in the specification available to the public. The patent office may, on payment of prescribed fee make the specification and drawings, if any, of such application available to the public.

Section 11A(7) provides that on or from the date of publication of the application for patent and until the date of grant of a patent in respect of such application, the applicant shall have the like privileges and rights as if a patent for invention had been granted on the date of publication of application. However, the applicant shall have no right to institute any proceedings for infringement until the patent has been granted. Additionally, the rights of a patentee in respect of applications made under Section 5(2) before January 1, 2005 shall accrue from the date of grant of patent.

Moreover, after the patent is granted in respect of applications made under Section 5(2), the patent holder shall only be entitled to receive reasonable royalty from such enterprises which have made

significant investment and were producing and marketing concerned product prior to January 1, 2005 and which continue to manufacture the product covered by the patent on the date of grant of the patent and no infringement proceedings shall be instituted against such enterprises.

**Request for Examination.-** As per Section 11B an application for a Patent will not be examined unless the applicant or any other person interested makes a request for examination in the prescribed manner. The request is to be filed in Form-18 with the fee as prescribed in First Schedule.

A request for examination has to be made within forty eight months from the date of priority of the application or from the date of filing of the application, whichever is earlier. If no such request for examination is filed within the prescribed time limit, the application shall be treated as withdrawn by the applicant.

In a case where secrecy direction has been issued under Section 35, the request for examination may be made within six months from the date of revocation of the secrecy direction, or within forty- eight months from the date of filing or priority, whichever is later.

The Office will not examine an application unless it is published and a request for examination is filed. When a request for examination is filed by a person interested other than the applicant, the Examination Report is sent to the applicant only, and intimation is given to the person interested. [Section 11B & 35. Rule 24B].

#### **Reference for Examination.-**

- (1) Once a request for examination is received, and the application is published under Section 11A, the application is taken up for Examination in the chronological order of filing of request for examination.
- (2) The patent application is referred to an Examiner by the Controller for conducting the formal as well as substantive examination as per the subject matter of the invention vis-à-vis the area of specialization of the Examiner. At present, the Patent Office has four examination groups based on the broad area of specialization viz.:
  - (a) Chemistry and allied subjects.
  - (b) Biotechnology, Microbiology and allied subjects.
  - (c) Electrical, Electronics & related subject
  - (d) Mechanical and other subjects.

The reference to the Examiner is made ordinarily within one month from the date of publication or one month from the date of request for examination, whichever is later, and is made in order in which the request is filed.

- (3) When an application is referred by the Controller, the Examiner makes a report on the patentability as well as other matters ordinarily within one month but not exceeding three months from the date of such reference. [Section 11A, & 12, Rule 24B (2)(i)].

- **Examination of Application.-** Section 12 dealing with examination of application provides that when the request for examination has been filed in respect of an application for a patent in the prescribed manner under Section 11B(1) or (3), the application and specification and other documents related thereto shall be referred at the earliest by the Controller to an examiner for making a report to him in respect of the following matters, namely:

- (a) Whether the application and the specification and other documents relating thereto are in accordance with the requirements of the Act and of any rules made there under;
- (b) Whether there is any lawful ground of objection to the grant of the patent in pursuance of the application;
- (c) The result of investigations made under Section 13, and
- (d) Any other matter which may be prescribed.

The examiner to whom the application and the specification and other documents relating thereto are referred shall ordinarily make the report to the Controller within the prescribed period.

**Search for Anticipation by Previous Publication and by Prior Claim.-** Section 13 dealing with search for anticipation by previous publication and by prior claim provides that the examiner to whom the application for a patent is referred shall make investigation for the purpose of ascertaining whether the invention so far as claimed in any claim of the complete specification:

- (a) has been anticipated by publication before the date of filing of the applicant's complete specification in any specification filed in pursuance of an application for a patent made in India and dated on or after the 1st day of January, 1912;
- (b) is claimed in any claim of any other complete specification published on or after the date of filing of the applicant's complete specification, being a specification filed in pursuance of an application for a patent made in India and dated before or claiming the priority date earlier than that date.

The examiner shall, in addition, make such investigation for the purpose of ascertaining whether the invention so far as claimed in any claim of the complete specification has been anticipated by publication in India or elsewhere in any document other than those mentioned in Section 13(1) before the date of filing of the applicant's complete specification. In case a complete specification has been amended before the grant of a patent, the amended specification shall be examined and investigated in the like manner as the original specification.

- **Consideration of the Report of Examiner by Controller.-** Section 14 provides that in case the report of the examiner is adverse to the applicant or requires any amendment of the application, specification or other documents, the controller shall, before proceeding to dispose of the application, communicate the gist of objections to the applicant as expeditiously as possible and give him an opportunity of being heard.
- **Power of Controller to Refuse or Require Amended Application in Certain matters.-** Section 15 empowers the Controller to refuse the application or direct to amend the application, specification or other documents, if he is satisfied that the application or any specification or any other document filed in pursuance thereof does not comply with the provisions of the Act and the rules made thereunder.

**Power of Controller to make Orders Respecting Dating of Application and Cases of Anticipation.-** Section 17 provides that at any time after the filing of an application and before the grant of the patent, the Controller may at the request of the applicant direct that the application shall be post-dated to such date as may be specified in the request and proceed with the application accordingly. However, no application shall be post-dated to a date later than six months from the date on which it was actually made or would be deemed to have been made. This is subject to the provisions of Section 9 of the Act dealing with provisional and complete specifications.

Where an application or specification (including drawings) or any other document is required to be amended under Section 15, the application or specification or other document shall, if the Controller so directs, be

deemed to have been made on the date on which the requirement is complied with or where the application or specification or other document is returned to the applicant, the date on which it is re-filed after complying with the requirement.

Section 18 says that where it appears to the Controller that the invention so far as claimed in any claim of the complete specification has been anticipated, he may refuse the application unless the applicant:

- (a) shows to the satisfaction of the Controller that the priority date of the claim of his complete specification is not later than the date on which the relevant document was published; or
- (b) amends his complete specification to the satisfaction of the Controller.

If it appears to the Controller that the invention is claimed in a claim of any other complete specification, he may, direct that a reference to that other specification be inserted in the applicant's complete specification unless the applicant shows to the satisfaction of the Controller that the priority date of his claim is not later than the priority date of the claim of the said other specification; or the complete specification has been amended to his satisfaction.

The above-mentioned provisions also apply in the case where it appears to the Controller that the invention so far claimed in any claim of the applicant's complete specification has been claimed in other complete specification referred to in section 13(1)(a) and that such other complete specification was published on or before the priority date of the applicant's claim.

The Controller of Patents is not technically a Court, or a tribunal exercising judicial functions in the legal acceptance of the terms, but that does not make it untrue to say that, so far as he has a duty imposed upon him to hear and determine objections to applications for leave to amend, there is a fair analogy between his position and the position of a Court. [In re: National Carbon Co. Incorporated AIR 1934 Cal. 725].

**Potential Infringement.-** Section 19 provides that if in consequence of the investigations it appears to the Controller that an invention in respect of which an application for a patent has been made cannot be performed without substantial risk of infringement of a claim of any other patent, he may direct that a reference to that other patent, be inserted in the applicant's complete specification by way of notice to the public within such time as may be prescribed, unless:

- (a) the applicant shows to the satisfaction of the Controller that there are reasonable grounds for contesting the validity of the said claim of the other patent; or
- (b) the complete specification is amended to the satisfaction of the Controller.

Where after a reference to another patent has been inserted in a complete specification in pursuance of a direction under Section 19(1):

- (a) that other patent is revoked or otherwise ceases to be in force; or
- (b) the specification of that other patent is amended by the deletion of the relevant claim; or
- (c) it is found, in proceedings before the court or the Controller, that the relevant claim of that other patent is invalid or is not infringed by any working of the applicant's invention, the Controller may, on the application of the applicant delete the reference to that other patent.

**Substitution of Applicants etc.-** Section 20 says that if the Controller is satisfied, on a claim made in prescribed manner at any time before a patent has been granted that by virtue of any assignment or agreement in writing made by the applicant or one of the applicants for the patent or by operation of law, the claimant would, if the patent were then granted, be entitled thereto or to the interest of the applicant therein, or to an undivided

share of the patent or of that interest, the Controller may direct that the application shall proceed in the name of the claimant or in the names of the claimants and the applicant or the other joint applicant or applicants, accordingly as the case may be. No such direction shall however, be given by virtue of any assignment or agreement made by one of the two or more joint applicants for a patent except with the consent of the other joint applicant or applicants. Further, no such direction shall be given by virtue of any assignment or agreement for the assignment of the benefit of an invention unless:

- (a) the invention is identified therein by reference to the number of the applications for the patent; or
- (b) there is produced to the Controller an acknowledgement by the person by whom the assignment or agreement was made that the assignment or agreement relates to the invention in respect of which that application is made; or
- (c) the rights of the claimant in respect of the invention have been finally established by the decision of court; or
- (d) the Controller gives directions for enabling the application to proceed or for regulating the manner in which it should be proceeded with under sub-section (5).

Where one of two or more joint applicants for a patent dies at any time before the patent has been granted, the Controller may upon a request made by the survivor or survivors and with the consent of the legal representative of the deceased direct that the application shall proceed in the name of the survivor or survivors alone.

If any dispute arises between joint applicants for a patent whether or in what manner the application should be proceeded with, the Controller may upon an application made by any of the parties, and after giving to all parties concerned an opportunity of being heard, give such directions as he thinks fit for enabling the application to proceed in the name of one or more of the parties alone or for regulating the manner in which it should be proceeded with.

**Time for putting Applications in Order for Grant.-** Section 21 of the Act provides that an application for a patent shall be deemed to have been abandoned unless, the applicant has complied within the prescribed period with all the requirements imposed on him by or under the Act, whether in connection with the complete specification or otherwise in relation to the application from the date on which the first statement of objections to the application or complete specification or other documents related thereto is forwarded to the applicant by the Controller.

Explanation appended to Section 21(1) clarifies that where the application for a patent or any specification or, in the case of a convention application or an application filed under the PCT designating India any document filed as part of the application has been returned to the applicant by the Controller in the course of the proceedings, the applicant shall not be deemed to have complied with such requirements unless and until he has re-filed it or the applicant proves to the satisfaction of the Controller that for the reasons beyond his control such document could not be re-filed.

Sub-section (2) of Section 21 provides that if at the expiration of the period as prescribed under sub-section (1) an appeal to the High Court is pending in respect of the application for the patent for the main invention; or in the case of an application for a patent of addition, an appeal to the High Court is pending in respect of either that application or the application for the main invention, the time within which the requirements of the Controller shall be complied with shall, on an application made by the applicant before the expiration of the period as prescribed under sub-section (1), be extended until such date as the High Court may determine. In case, the time within which the appeal mentioned in sub-section (2) may be instituted has not expired, the Controller may extend the period as prescribed under sub-section (1), to such further period as he may determine. However, in



case of an appeal filed during the said further period, and the High Court has granted any extension of time for complying with the requirements of the Controller, then the requirements may be complied with within the time granted by the High Court.

## PROCEDURE FOR OPPOSITION

Under the Patents Act, 1970, the provisions regarding 'Opposition proceedings to Grant of Patents' are contained in Chapter V, containing Sections 25 to 28. Under the Act there are two types of opposition proceedings: (a) Representation by any person in writing by way of opposition under various grounds stated in section 25(1), and (b) by notice of opposition by any person interested, in the prescribed form on any of the grounds enumerated under section 25(2).

The Opposition by representative is required to be decided by the Controller after a hearing while the regular Opposition by any person interested is to be examined by the 'Opposition Board' constituted by the Controller from the staff of the Patent office. The Opposition Board will submit its recommendation to the Controller. The procedure for the first type is contained in Rules 55(1) to (6). The procedure for Opposition by a person interested is contained in Rules 55A to 70.

Representation in writing by any person by way of Opposition [section 25(1) and Rule 55].- This Opposition can be made only against an application for Patent which has been published, but patent is not granted yet. The representation should be filed in the appropriate office within three months from the date of publication of the application or before the grant of patent whichever is later and should include a statement and evidence, if any, in support of the representation and a request for a hearing, if so desired.

The Controller will consider such representation only when a request for examination of the application has been filed. The Controller along with the evidence submitted and the arguments at the hearing will consider the representation. The Controller may reject the representation and grant the Patent or accept the representation and refuse the grant of Patent within one month from the completion of the proceedings.

If the Controller is of the opinion that the application for Patent should be refused, he will give notice to that effect to the applicant for Patent. On receiving the notice, the applicant should, if he so desires, file his statement and evidence, if any in support of the application within one month from the date of the notice.

On consideration of the statement and evidence, the Controller may either refuse to grant the Patent or require the specification to be amended before the Patent is granted. After considering the representation and submission made during the hearing, if so requested, the Controller will proceed further simultaneously rejecting the representation and granting the Patent or accepting the representation and refusing the grant of the Patent on that application ordinarily within one month from the completion of above proceedings. An appeal shall lie against the order of the Controller to the Appellate Board.

Procedure on notice of Opposition under section 25(3) and Rule 55A to 70.- This Opposition can be filed at any time after the grant of Patent but before the expiry of one year from the date of publication of grant. The person filing the notice of opposition must be a person interested. The notice of Opposition is to be given in Form 7 and sent to the Controller in duplicate at the appropriate office. On receipt of the notice of Opposition the Controller will notify the Patentee. He will then constitute an 'Opposition Board' consisting of three officers (see Rule 56) and refer such notice of Opposition along with the documents to that Board for examination and submission of its recommendations to the Controller. The opponent should send a Written Statement in duplicate setting out the nature of the opponent's interest, the facts upon which he bases his case and the relief which he seeks and evidence, if any, along with the notice of Opposition and should deliver to the Patentee a copy of the statement and evidence, if any.

If the Patentee desires to contest the Opposition he should leave at the appropriate office a reply statement setting out fully the grounds upon which the Opposition is contested and evidence, if any, in respect of his case within two months from the date of receipt of the copy of the Written Statement and opponent's evidence, if any, by him under rule 57 and deliver to the opponent a copy thereof.

If the Patentee does not desire to contest or leave his reply and evidence within a period of two months from the date of receipt of the Written Statement of opponent the Patent will be deemed to have been revoked.

The Opponent may within one month from the date of delivery to him of the Patentee's reply statement and evidence under Rule 58 leave at the appropriate office, evidence in reply strictly confined to matters in the Patentee's evidence and should deliver to the Patentee a copy of such evidence.

On the completion of presentation of evidence, if any, and on receiving the recommendation of Opposition Board or at such other time as the Controller may think fit he will fix a date and time for the hearing of the Opposition and will give the parties not less than ten days notice of such hearing and may require members of the Opposition Board to be present at the hearing.

After hearing the parties desiring to be heard or if neither party desires to be heard then without a hearing, and after considering the recommendation of the Opposition Board, the Controller will decide the Opposition and notify his decision to the parties giving reasons therefor.

**Standard of Proof in Patent Proceedings (Civil).**- As to the standard of proof, there is nothing in the Statute to suggest that any standard different from the normal standard of proof required in Civil litigation – that is to say, the balance of probability – should be adopted. But that standard is not an absolute standard. The nature of the issue may affect the kind and the cogency of the evidence necessary to bring the scale down on one side or the other. If something is inherently improbable, more weighty evidence is required to establish that it probably occurred than if it were inherently probable. In some cases, the difficulty in ascertaining the truth may demand a particularly careful scrutiny, in others, the quasi-criminal character of the issue, or the quasi-criminal nature of the jurisdiction may demand particular care; and in yet others the gravity of the issue, as for instance, in cases of allegations of fraud, may also require the tribunal of fact to be particularly cautious. (This is a statement from the judgement delivered in the case of Dunlop Holdings Ltd.'s Appln., [1979] RPC 523 at 543 (Buckley, L.J.).

**Controller's powers.**- In Opposition proceedings the Controller has the power of a Civil Court in the matter of summoning witnesses, requiring discovery and production of any document, receiving evidence on Affidavits, issuing Commission for the examination of Witnesses and documents, awarding costs, reviewing his own decision, and setting aside an ex parte order. It would therefore appear that the Controller may exercise these powers as they would be exercised in proceedings in a Civil Court.

**Appeal.**- An Appeal against an order, decision or direction of the Controller in respect of an Opposition lies to the Appellate Board. This would apply to any interlocutory order as well. A cross appeal is necessary where a respondent desires to contest that the actual decision of the hearing officer should be varied.

Leave to file further evidence on appeal may be allowed only if it is shown that there are special circumstances to justify the introduction of further material in the Opposition at that stage. It must be shown, first, that the material sought to be adduced in evidence was not in the possession of the opponents at the time of the original hearing, and second, that they could not with the exercise of reasonable diligence have obtained possession of it for use at the original hearing.

Where a person has made and filed an affidavit for the purpose of being used in a matter pending before the court, he cannot be exempted from cross-examination by the withdrawal of the affidavit. A party who has given notice to lead an affidavit is not entitled to withdraw it in order to avoid cross-examination. This is also applicable



where the person making the affidavit is not a party to the proceeding.

On Appeal, the Appellate Board may not normally take a view contrary to that of the Controller unless it is clear that he has come to a wrong conclusion or has proceeded on some wrong principle and that is true even if the Appellate Board thinks that possibly it might have come to a different conclusion if it had been trying the case itself at first instance.

## REVOCATION OF PATENTS

General.- Although a Patentee has the exclusive right of making, using or selling the invention, the validity of the Patent is not guaranteed by the Government, as is made clear in the form of the grant itself, and in section 13(4) of the Act. This is a basic principle of Patent law accepted in all the Patent Acts in India as well as in England. The reason is not far to seek. A Patent is a kind of limited monopoly granted to the true and first inventor as a reward for the creation of something new and useful which might ultimately benefit the public. Questions whether the Patentee is the true and first inventor, whether what he has claimed as an inventor is really new, or merely what is already known dressed up on a new form, whether he has disclosed the invention completely so that a person skilled in the art could use the invention after the expiry of the term without employing further inventive skill, are all questions which can seldom be finally determined at the application stage by the Patent office. The public should therefore be given an opportunity to challenge the validity of the grant if the Patent does not fulfil any of the conditions laid down under the Act for the grant of monopoly.

The Act provides various grounds for and modes of revocation of a Patent. They may be classified as under:

- (a) Revocation in the public interest by the Central Government suo motu (Section 66).
- (b) Revocation of Patents relating to atomic energy by the Controller (Section 65).
- (c) Revocation by Controller for non-working of the Patent (Section 85).
- (d) Revocation by the High Court on petition for failure to comply with the request of the Central Government to use the invention (Section 64(4) and (5)).
- (e) Revocation by the Appellate Board on Petition by a person interested or the Central Government or the High Court on a counter claim in a suit for infringement on any of the grounds stated under section 64(1).

### (I) REVOCATION OF PATENT IN PUBLIC INTEREST (SECTION 66)

Where the Patent or the mode in which it is exercised is mischievous to the State or generally prejudicial to the public, it may be revoked under the provisions of Section 66. Before revocation the Patentee will be given an opportunity of being heard. The question whether a particular Patent is mischievous to the State or prejudicial to the public is to be decided by the Central Government. A declaration to the effect will be made in the Official Gazettee and thereupon the Patent will be deemed to be revoked. It is to be noted that a revocation of a Patent under Section 66 is final and is not appealable.

### (II) REVOCATION OF PATENTS RELATING TO ATOMIC ENERGY (SECTION 65)

Section 20(1) of the Atomic Energy Act, 1962 provides that no Patent shall be granted for inventions which in the opinion of the Central Government are useful for or relate to the production, control or disposal of atomic energy or which relate to the production or use of any radioactive substance. The machinery for enforcement of this provision is contained in section 65 of the Patents Act, 1970.

Where an application for a patent is for an invention relating to atomic energy, the Central Government may

direct the Controller to refuse to proceed further with the application, and where a Patent has been granted, to revoke the Patent. The Controller will give notice to the applicant in the case of an application, and to the Patentee and other interested persons whose names are entered in the register, in the case of a Patent granted. He will also give the parties an opportunity of being heard. The Controller, instead of refusing the application or revoking the Patent, may permit an amendment of the specification in order to overcome the objection. This may be possible only where the specification can be so amended as to leave the amended specification beyond the scope of section 20 of the Atomic Energy Act. It may again be noted here that no appeal lies against the decision of the Controller under section 65.

### **(III) REVOCATION BY CONTROLLER FOR NON-WORKING OF THE PATENT (SECTION 85)**

The conditions necessary for revocation of Patent are the following:

- (a) A compulsory licence has been granted in respect of the Patent;
- (b) Two years have passed since the date of ordering the first compulsory licence;
- (c) In spite of the compulsory licence or licences being granted, the Patented invention has not been worked in India or that reasonable requirement of the public in respect of the patented invention has not been satisfied, or that the patented invention is not available to the public at a reasonably affordable price.

If the above conditions are satisfied, the Central Government, or any interested person may make an application to the Controller for an order to revoke the Patent. The Controller, if satisfied that the grounds for revocation have been established, may make an order revoking the Patent and publish the fact. Every application for revocation shall ordinarily be decided within one year of its being presented to the Controller.

### **(IV) REVOCATION BY THE HIGH COURT ON PETITION FOR FAILURE TO COMPLY WITH THE REQUEST OF THE CENTRAL GOVERNMENT TO USE THE INVENTION (SECTION 64(4) AND (5)).**

Under Section 64(4), the Central Government may petition the High Court to revoke a Patent on the ground that the Patentee has failed to comply with its request to use the patented invention for purposes of Government on reasonable terms. What constitutes use for the purposes of Government is defined under Section 99. If the High Court is satisfied that the Patentee has without reasonable cause failed to comply with the request of the Central Government to use the invention in question, it may order revocation of the Patent. What constitutes reasonable terms will depend upon the circumstances of each case.

Although Section 99 refers to use of the invention for the purposes of Government which includes, besides the Central Government, the State Government and Government Undertakings also, Section 64(4) can be invoked only by the Central Government. Where, therefore, a Patentee has refused to use the invention for any State Government or Government Undertaking, the Patent can be revoked under Section 64(4) only if the request to use was made by the Central Government.

### **(V) REVOCATION BY THE APPELLATE BOARD OR THE HIGH COURT UNDER SECTION 64(1)**

Section 64 of the Patents Act, 1970 provides as, "Subject to the provisions contained in this Act, a Patent whether granted before or after the commencement of this Act, may be revoked on a Petition of any person interested or of the Central Government by the Appellate Board or on a counter-claim in a suit for infringement of the patent by the High Court on any of the following grounds, that is to say-....."

Grounds of Revocation of Patent.- There are 17 grounds enumerated under section 64(1) of the Patents Act

under which a Patent may be revoked. These can be classified under the following heads:

- (a) Grounds relating to rights of the Patentee and his conduct:
  - (i) Patentee not entitled to the Patent (section 64(1)(b)).
  - (ii) Patent wrongfully obtained as against the person entitled (section 64(1)(c)).
  - (iii) Patent obtained by false suggestion or representation (section 64(1)(j)).
  - (iv) Failure to disclose information regarding foreign applications (section 64(1)(m)).
  - (v) Non-compliance with directions for secrecy (section 64(1)(n)).
  - (vi) Amendment of specification obtained by fraud (section 64(1)(o)).
- (b) Grounds relating to the invention and its quality:
  - (i) Subject of a claim not an invention (section 64(1)(d)).
  - (ii) Subject of a claim not a patentable invention (section 64(1)(k)).
  - (iii) Invention claimed was secretly used before the priority date (section 64(1)(l)).
  - (iv) Invention claimed already the subject of a prior grant (section 64(1)(a)).
  - (v) Invention lacks novelty having regard to prior knowledge or prior use (section 64(1)(e)).
  - (vi) Invention is obvious or does not involve inventive step having regard to prior knowledge or prior use (section 64(1)(f)).
  - (vii) Invention not useful (section 64(1)(g)).
  - (viii) Invention claimed was anticipated having regard to the knowledge, oral or otherwise within any local or indigenous community in India or elsewhere (section 64(1)(q)).
- (c) Grounds relating to the description of the invention:
  - (i) Invention not sufficiently described (section 64(1)(h)).
  - (ii) Claims not clearly defined and not fairly based (section 64(1)(i)).
  - (iii) The complete specification does not disclose or wrongly mention the source or geographical origin of biological material used for the invention (section 64(1)(p)).

**Amendment of specification instead of revocation.-** A Patent very often contains more than one claim. It may so happen that not all the claims are invalid. Under section 64(1) the whole Patent can be revoked even if only one of the claims happens to be invalid. Where the Patent is held invalid, the court has power to allow the specification to be amended instead of revoking the Patent (Section 58). But the scope of amendment is limited as only amendments which are in the nature of disclaimer, correction or explanation will be allowed (Section 59). The court may also permit the grant of the Patent to the petitioner in certain circumstances.

**Discretion of the Court.-** The Court has a discretion to revoke or not to revoke a patent under section 64(1). This appears to follow from the use of the words "... a patent ... may ... be revoked".

**Standard of proof required.-** The Court will not allow grants, which have on the evidence been proved to be invalid, to remain on the register. The court is not concerned with proof beyond reasonable doubt which is required in criminal cases, but with the normal standard required in civil cases, namely proof based on the balance of probabilities. A Patent should not be defeated after a long lapse of time, when the challenge is based

on oral testimony which is hard to check. If, therefore, the subject-matter, utility and novelty are to be found, the Court will do everything to uphold a patent, and not defeat it.

## OWNERSHIP AND MAINTENANCE OF PATENTS

**Nature of Patent Rights.-** A Patent is a statutory grant conferring certain exclusive rights on the grantee for a defined period, subject to certain conditions. In some respect it may be considered as a species of property. A Patent grant gives the Patentee the exclusive right to make or use the patented article or use the patented process. As a consequence flowing from this he can prevent all others from making or using the patented article or using the patented process. A patent monopoly not only entitles the holder to exploit the invention without competition during the period of patent protection, it also enables him to enter the market, on the expiry of the monopoly in a strong position. A patentee has also the power to assign the patent, grant licences under, or otherwise deal with it for any consideration. These rights created by statute are circumscribed by various condition and limitations.

## PROVISIONS OF SECTION 48, 49 AND 50

**Section 48.—** Subject to the other provisions contained in this Act, and the conditions specified in section 47, a Patent granted under this Act shall confer upon the Patentee:

- (a) Where the subject-matter of the Patent is a product, the exclusive right to prevent third parties, who do not have his consent, from the act of making, using, offering for sale, selling or importing for those purposes that product in India.
- (b) Where the subject matter of the Patent is a process, the exclusive right to prevent third parties, who do not have his consent, from the act of using that process and from the act of using, offering for sale, selling or importing for those purposes the product obtained directly by that process in India.

## Elements of the Right.

- (a) The right conferred under this section is an exclusive right, whether product or process.
- (b) No third party can exercise the Patentee's right without the Patentee's consent.
- (c) The rights conferred, in respect of a Product Patent, are the act of making, using, offering for sale, selling or importing for those purposes the Patented product in India, and
- (d) In respect of a Process Patent, the act of using that process, using, offering for sale, selling or importing for those purposes the product obtained directly by that process in India.
- (e) The product obtained by using the patented process is not one in respect of which no Patent shall be granted under this Act. In other words, no Process Patent will be granted if the resulting product is non-patentable under the Act.

**Right to use and exercise the Patent.-** Section 48 confers on the Patentee the exclusive right to make, use, exercise, sell or distribute the Patented article or substance in India, or to use or exercise the method or process if the Patent is for a process. This right can be exercised either by the Patentee himself or by his agents or licensees. It is made expressly clear in the section that the rights granted under the section are subject to the other provisions of the Act. In the case of Patents granted under the present Act they are in addition subject to the conditions specified in Section 47. There are many provisions of the Act which impose various limitations and restrictions on the general rights conferred by Section 48.

**Make, use or exercise.-** Make, use, exercise or sell the invention, comprehend the manner of exploitation

appropriate to all manners of manufacture; if a Product it can be made, if a Process it can be used, if an Operating Mechanism it can be exercised to secure the promised result, and whenever there is an end product, that can be sold.

**Payment of Renewal fee.**- The Patent will be in force only so long as the renewal fees prescribed are paid from time to time within the prescribed period or within such extended period as may be prescribed. No renewal fee is payable for a patent of addition while the main Patent is in force.

**Restoration of lapsed Patent.**- Where a Patent has lapsed due to non-payment of renewal fee, the Patentee may have the Patent restored on following the procedure laid down under Sections 60 and 61 and Rules 84 to 86. There are certain limitations imposed on a Patent restored.

**Exercise of Patent right.**- The rights conferred by the Patent may be exercised by the Patentee, his agents or licensees. The term 'Patentee' means the person for the time being entered on the Register as the Grantee or Proprietor of the Patent. Thus, it is only the person entered in the Register as Proprietor of the Patent and his agents and licensees who can exercise the Patent rights.

**Right to transfer Patent rights (Section 70).**- A Patentee has the power to assign, grant licences under, or otherwise deal with the Patent for any consideration. If he is a co-owner of the Patent, he can assign any share of the Patent or grant licences to others to use the Patent only with the consent of the Co-proprietors or under the directions of the Controller. The power to transfer the Patent rights is also subject to any rights vested in any other person of which notice is entered on the register.

**Surrender of Patents.**- A Patentee has a right to surrender his Patent. If the Patentee or any other person is not interested in working the Patent, it may be advisable to surrender the Patent to avoid possible revocation proceedings and consequent liability to pay costs.

**Rights of co-owners inter se.**- When a Patent is granted to two or more persons, each of the co-owners, in the absence of any agreement to the contrary, is entitled to an equal undivided share in the Patent. Each of them is entitled, by himself or through his agents, to the rights conferred by Section 48 without accounting to the others. This is, of course, subject to any agreement to the contrary. A Co-proprietor of a Patent, however, cannot assign any share in the Patent or grant a licensee thereunder without the consent of other co-owners. This is also subject to any agreement to the contrary. Where consideration is not given, the co-owner may apply to the Controller in the prescribed manner who may then issue directions as to the sale, or lease of the Patent, or any interest therein, or the grant of any licence thereunder or the exercise of any right under Section 50. Thus, a co-owner can exercise the right to assign or licence the Patent only with the consent of the other Co-owners or under the directions of the Controller.

## ASSIGNMENT AND LICENSING OF PATENTS

### Assignments of Patents

Assignment refers to the act of the patentee by which the patent rights are wholly or partially transferred to the assignee who acquires the right to prevent others from making, using or exercising or vending the invention. Section 70 of the Patents Act, 1970 gives the person/persons, persons registered as grantee or proprietor of a patent, power to assign, grant licences under, or otherwise deal with, the patent and to give effectual receipts for any consideration for any such assignment, licence or dealing.

The assignment can either be exclusive or non exclusive. The exclusivity can be further limited, for example exclusivity to a territory or market or line of products. Following are three main types of assignments in patents:

**Legal Assignments.-** An assignment of an existing deed is a legal assignment. A patent which is created by deed can only be assigned by a deed. A legal assignee is entitled to be registered as the proprietor of the patent and acquires all the rights thereof.

**Equitable Assignments.-** A document agreeing to transfer a patent or a share of a patent with immediate effect is an equitable assignment. This affects proprietorship, but does not directly change it. The man to whom it is equitably assigned gets the right in equity to have the ownership of the patent altered in law.

**Mortgages.-** A mortgage is a document through which patent rights are transferred to the assignee in return for a sum of money. Once the assignor repays the sum, the patent rights are restored to him. The term assignee as per Section 2(1) of the Patents Act, 1970 includes in its meaning the legal representative of a deceased assignee. Section 70 of the Patents Act, 1970 confers inter alia the right on a grantee or proprietor of the patent to fully or partially assign his patent to another or others. As per Section 68 of the Patents Act, 1970 an assignment to be valid shall be in writing, to be contained in a document that embodies all terms and conditions governing their rights and obligations and the application for registration of such document is filed in the prescribed manner with the Controller within six months from the commencement of the Act or the execution of the document, whichever is later. Section 69 says once the person becomes entitled by assignment to a patent he shall apply in writing to the Controller for the registration of his title in the prescribed manner.

## WORKING OF PATENTS- COMPULSORY LICENSING

### Working Of Patented Inventions – General Principles

Section 83 dealing with the general principles applicable to the working of a patented invention provides that in exercising the powers conferred for working of Patents and Compulsory Licences, regard shall be had to the following general considerations, namely:

- (a) that Patents are granted to encourage inventions and to secure that the inventions are worked in India on a commercial scale and to the fullest extent that is reasonably practicable without undue delay;
- (b) that they are not granted merely to enable Patentees to enjoy a monopoly for the importation of the patented article;
- (c) that the protection and enforcement of Patent rights contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations;
- (d) that Patents granted do not impede protection of public health and nutrition and should act as an instrument to promote public interest specially in sectors of vital importance for socio-economic and technological development of India;
- (e) that Patents granted do not in any way prohibit Central Government in taking measures to protect public health;
- (f) that the Patent right is not abused by the Patentee or person deriving title or interest on Patent from the Patentee, and the Patentee or a person deriving title or interest on Patent from the Patentee does not resort to practices which unreasonably restrain trade or adversely affect the international transfer of technology; and
- (g) that Patents are granted to make the benefit of the patented invention available at reasonably affordable prices to the public.



## Compulsory Licences

A Compulsory Licence is a licence granted by the Government to a third party to use the Patented invention and other forms of Intellectual Property so as to restrict the rights of the Patentee for the purpose of stopping the abuse/misuse of the rights by the property holder and to prevent the negative effect of such action on the public. Governments have been given the power to grant Compulsory Licences to meet the circumstances consequent on threatened misuse/abuse of the rights granted to the Patentee for safeguarding the interests of public. The question of abuse/misuse of the right secured arises only when the Patentee fails to take all the reasonable, possible steps and initiatives to commercialize the Patented invention within a reasonable possible period and does not make the Patented product available at an affordable cost; the other situation is a national emergency.

Abuse or misuse of rights granted by Patents is a common phenomenon in all the countries in the world. Such abuse or misuse may take various forms, such as: (i) meeting the demand of the Patented product solely by importation and not manufacturing it locally which discourage/prejudice establishment of new industry or the development of existing industry in the country which grants the Patent; (ii) refusing to grant licence to work the invention locally under affordable and reasonable terms and conditions and; (iii) imposing restrictive conditions on their use, sale or lease or the Patented articles, thereby prolonging the commercial working of the Patented invention thereby causing delay in the society gaining the fruits of the invention.

To remedy the abuse/misuse of the patented rights, provisions relating to grant of Compulsory License and revocation of the Patents have come to existence in almost all the countries in the World. It would be necessary while considering the grant of Compulsory Licence that all circumstances of each case are taken care of and the decision arrived at should balance the interests of the Patentee and the general public. Therefore, it is very essential that the decision is derived at judiciously.

Therefore, in order to meet a situation when a Patentee abuses/misuses the rights granted, the Patents Act provides for the grant of Compulsory License in certain circumstances. The provisions for Compulsory Licenses are made to prevent the abuse of Patent as a monopoly and to make the way for commercial exploitation of the invention by an interested person.

Accordingly, Sections 84 to 92 of the Patents Act, 1970 deal with the subject of grant of Compulsory Licence. All conceivable circumstances have been covered under Section 84 of the Act. The circumstances are:

- That the reasonable requirements of the public with respect to the Patented invention have not been satisfied; or
- That the Patentable invention is not available to the public at a reasonable affordable price; or
- That the Patented invention is not worked in the territory of India.

According to Section 84 any person interested can make an application for grant of Compulsory License for a Patent after three years from the date of grant of that Patent on any of the following grounds –

- (a) that the reasonable requirements of the public with respect to the patented invention have not been satisfied, or
- (b) that the patented invention is not available to the public at a reasonably affordable price, or
- (c) that the patented invention is not worked in the territory of India.

Every such application should contain a statement setting out the nature of the applicant's interest together with such particulars as may be prescribed and the fact upon which the application is based.

An application for compulsory licence may be made by any person notwithstanding that he is already the holder

of a licence under the patent and no person shall be estopped from alleging that the reasonable requirements of the public with respect to the patented invention are not satisfied or that the patented invention is not worked in the territory of India or that the patented invention is not available to the public at a reasonably affordable price by reason of any admission made by him, whether in such a licence or otherwise or by reason of his having accepted such a licence.

Sub-section (3) requires every application for compulsory licence to contain a statement setting out the nature of the applicant's interest together with such particulars as may be prescribed and the facts upon which the application is based. The Controller on being satisfied that the reasonable requirements of the public with respect to the patented invention have not been satisfied or the patented invention is not worked in the territory of India or the patented invention is not available to the public at a reasonably affordable price, may grant a licence upon such terms as he may deem fit.

In considering the application of compulsory licence, the Controller is required to take into account —

- (i) the nature of the invention, the time which has elapsed since the sealing of the patent and the measures already taken by the patentee or any licensee to make full use of the invention;
- (ii) the ability of the applicant to work the invention to the public advantage;
- (iii) the capacity of the applicant to undertake the risk in providing capital and working the invention, if the application were granted;
- (iv) as to whether the applicant has made efforts to obtain a licence from the patentee on reasonable terms and conditions and such efforts have not been successful within a reasonable period as the Controller may deem fit.

However, the controller is under no obligation to take into account matters subsequent to the making of the application. It has been clarified that the reasonable period shall be construed as a period not ordinarily \*exceeding a period of six months. In this context, it has been clarified that, the reasonable requirements of the public shall be deemed not to have been satisfied if —

- (a) by reason of the refusal of the patentee to grant a licence or licences on reasonable terms,-
  - (i) an existing trade or industry or the development thereof or the establishment of any new trade or industry in India or the trade or industry in India or the trade or industry of any person or class of persons trading or manufacturing in India is prejudiced; or
  - (ii) the demand for the patented article has not been met to an adequate extent or on reasonable terms; or
  - (iii) a market for export of the patented article manufactured in India is not being supplied or developed; or
  - (iv) the establishment or development of commercial activities in India is prejudiced; or
- (b) by reason of conditions imposed by the patentee upon the grant of licences under the patent or upon the purchase, hire or use of the patented article or process, the manufacture, use or sale of materials not protected by the patent, or the establishment or development of any trade or industry in India, is prejudiced; or
- (c) the patentee imposes a condition upon the grant of licences under the patent to provide exclusive grant back, prevention to challenges to the validity of patent or coercive package licensing; or



- (d) the patented invention is not being worked in the territory of India on a commercial scale to an adequate extent or is not being so worked to the fullest extent that is reasonably practicable; or
- (e) the working of the patented invention in the territory of India on a commercial scale is being prevented or hindered by the importation from abroad of the patented article by —
  - (i) the patentee or persons claiming under him; or
  - (ii) persons directly or indirectly purchasing from him; or
  - (iii) other persons against whom the patentee is not taking or has not taken proceedings for infringement.

An application to the Controller for an order under Section 84, 85, 91, 92, or 92A has to be made in the prescribed Form 17 (for grant of Compulsory Licence) or Form 19 (for revocation of Patent for non-working). Except in the case of an application made by the Central Government, the application shall set out the nature of the applicant's interest and terms and conditions of the license the applicant is willing to accept.

### REVOCATION OF PATENTS BY THE CONTROLLER FOR NON-WORKING

As stated earlier, Section 85 deals with revocation of Patents by the Controller for not working and provides that where, in respect of a Patent, a Compulsory Licence has been granted, the Central Government or any person interested may, after the expiration of two years from the date of the order granting the first compulsory licence, apply to the Controller for an order revoking the patent on the ground that the patented invention has not been worked in the territory of India or reasonable requirements of the public with respect to the patented invention has not been satisfied or the patented invention is not available to the public at a reasonably affordable price.

Every application for revocation should contain prescribed particulars, the facts upon which the application is based, and, in the case of an application other than by the Central Government, should also set out the nature of the applicant's interest. The Controller, if satisfied that the reasonable requirements of the public with respect to the patented invention has not been satisfied or patented invention has not been worked in the territory of India or is not available to the public at a reasonably affordable price, may make an order revoking the patent. The controller has however been put under obligation to ordinarily decide such application within one year of its presentation.

**Procedure for Dealing with Applications.-** Section 87 provides that where the Controller is satisfied, upon consideration of an application for compulsory licence or revocation of patent, that a prima facie case has been made out for the making of an order, he shall direct the applicant to serve copies of the application upon the patentee and any other person appearing from the register to be interested in the patent in respect of which the application is made, and shall publish the application in the Official Journal.

The Patentee or any other person desiring to oppose the application may, within prescribed time or within such further time as the Controller may on application allow, give to the Controller notice of opposition. Any such notice of opposition should contain a statement setting out the grounds on which the application is opposed. Where any such notice of opposition is duly given, the Controller shall notify the applicant, and shall give to the applicant and the opponent an opportunity to be heard before deciding the case.

**Powers of Controller in Granting Compulsory Licences.-** Section 88 provides that where the Controller is satisfied that the manufacture, use or sale of materials not protected by the patent is prejudiced by reason of conditions imposed by the patentee upon the grant of licences under the patent, or upon the purchase, hire or use of the patented article or process, he may order the grant of licences under the patent to such customers of the applicant as he thinks fit as well as to the applicant.

Where an application for compulsory licence is made under Section 84 by a person being the holder of a licence under the patent, the Controller may, if he makes an order for the grant of a licence to the applicant, order the existing licence to be cancelled, or may, if he thinks fit, instead of making an order for the grant of a licence to the applicant, order the existing licence to be amended.

Where two or more patents are held by the same patentee and an applicant for a compulsory licence establishes that the reasonable requirements of the public have not been satisfied with respect to some only of the said patents, then, if the Controller is satisfied that the applicant cannot efficiently or satisfactorily work the licence granted to him under those patents without infringing the other patents held by the patentee and if those patents involve important technical advancement or considerable economic significance in relation to the other patents, he may, by order, direct the grant of a licence in respect of the other patents also to enable the licensee to work the patent or patents in regard to which a licence is granted.

Where the terms and conditions of a licence have been settled by the Controller, the licensee may, at any time after he has worked the invention on a commercial scale for a period of not less than twelve months, make an application to the Controller for the revision of the terms and conditions on the ground that the terms and conditions settled have proved to be more onerous than originally expected and that in consequence thereof the licensee is unable to work the invention except at a loss. However, no such application shall be entertained a second time by the Controller.

Terms and Conditions of Compulsory Licences.- Section 90 provides that in settling the terms and conditions of a compulsory licence, the Controller shall endeavour to secure that —

- (i) the royalty and other remuneration, if any, reserved to the patentee or other person beneficially entitled to the patent, is reasonable, having regard to the nature of the invention, the expenditure incurred by the patentee in making the invention or in developing it and obtaining a patent and keeping it in force and other relevant factors;
- (ii) the patented invention is worked to the fullest extent by the person to whom the licence is granted and with reasonable profit to him;
- (iii) the patented articles are made available to the public at reasonably affordable prices;
- (iv) the licence granted is a non-exclusive licence;
- (v) the right of the licensee is non-assignable;
- (vi) the licence is for the balance term of the patent unless a shorter term is consistent with public interest;
- (vii) the licence is granted with a predominant purpose of supply in the Indian market and the licensee may also export the patented product if need be in accordance with section 84(7)(a)(iii).
- (viii) in the case of semi-conductor technology, the licence granted is to work the invention for public non-commercial use.
- (ix) in case the licence is granted to remedy a practice determined after judicial or administrative process to be anti-competitive, the licensee shall be permitted, if need be, to export the patented product.

Section 90(2) provides that no licence granted by the Controller shall authorise the licensee to import the patented article or an article or substance made by a patented process from abroad where such importation would, but for such authorisation, constitute an infringement of the rights of the patentee. However in terms of Sub-section (3) the Central Government may direct the Controller to authorise any licensee in respect of a patent to import the patented article or an article or substance made by a patented process from abroad (subject

to such conditions as it considers necessary to impose relating among other matters to the royalty and other remuneration, if any, payable to the patentee, the quantum of import, the sale price of the imported article and the period of importation), if it is necessary to do so in public interest and thereupon the Controller shall give effect to the directions.

**Licensing of Related Patents.-** Section 91 provides that at any time after the sealing of a patent, any person who has the right to work any other patented invention either as patentee or as licensee thereof, exclusive or otherwise, may apply to the Controller for the grant of a licence of the first mentioned patent on the ground that he is prevented or hindered without such licence from working the other invention efficiently or to the best advantage possible. However, no order for grant of such licence shall be made unless the Controller is satisfied that the applicant is able and willing to grant, or procure the grant to the patentee and his licensees if they so desire, of a licence in respect of the other invention on reasonable terms; and the other invention has made a substantial contribution to the establishment or development of commercial or industrial activities in the territory of India.

When the Controller is satisfied that the conditions mentioned in Section 91(1) have been established by the applicant, he may make an order granting a licence under the first mentioned patent and a similar order under the other patent if so requested by the proprietor of the first mentioned patent or his licensee. However the licence granted by the Controller shall be non-assignable except with the assignment of the respective patents.

**Compulsory Licenses on Notifications by Central Government.-** Section 92 provides that if the Central Government is satisfied, in respect of any patent in force in circumstances of national emergency or in circumstances of extreme urgency or in case of public non-commercial use, that it is necessary that compulsory licences should be granted at any time after the sealing thereof to work the invention, it may make a declaration to that effect, by notification in the Official Gazette, and thereupon the Controller shall on application made at any time, after the notification, by any person interested, grant to the applicant a licence under the patent on such terms and conditions as he thinks fit. In settling the terms and conditions of a licence the Controller shall endeavor to secure that the articles manufactured under the patent shall be available to the public at the lowest prices consistent with the patentees deriving a reasonable advantage from their patent rights.

**Compulsory Licensing of Patents Relating to the Manufacture of Pharmaceutical Products for Export to Countries with Public Health Problems.-** Section 92A of the Patents Act, 1970 inserted by The Patents (Amendment) Act, 2005 postulates compulsory licence for export of patented pharmaceutical products in certain exceptional circumstances. It states that compulsory licence shall be available for manufacture and export of patented pharmaceutical products to any country having insufficient or no manufacturing capacity in the pharmaceutical sector for the concerned product to address public health problems, provided compulsory licence has been granted by such country or such country has, by notification or otherwise, allowed importation of the patented pharmaceutical products from India.

Sub-section (2) authorizes the Controller, on receipt of an application in the prescribed manner, to grant, on such terms and conditions as he may specify, a compulsory licence solely for manufacture and export of the concerned pharmaceutical product to such country under such terms and conditions as may be specified and published by him.

Explanation appended to Section 92A defines the pharmaceutical products as to mean any patented product, or product manufactured through a patented process, of the pharmaceutical sector needed to address public health problems and shall be inclusive of ingredients necessary for their manufacture and diagnostic kits required for their use.

**Termination of Compulsory Licence.-** Section 94 provides that on an application made by the patentee

or any other person deriving title or interest in the patent, a compulsory licence may be terminated by the controller, provided the circumstances that give rise to the grant thereof no longer exist and such circumstances are unlikely to recur. In this regard the holder of the compulsory licence has been entitled to object to such termination.

### PROCEDURE IN RESPECT OF COMPULSORY LICENCE, ETC

Rule 96-102 deal with procedure for compulsory licence and revocation of patent. Rule 96 provides that an application to the Controller for an order under section 84, section 85, section 91 or section 92 or section 92A shall be in Form 17, or Form 19, as the case may be. Except in the case of an application made by the Central Government, the application shall set out the nature of the applicant's interest and terms and conditions of the licence the applicant is willing to accept. Rule 97 provides that if, upon consideration of the evidence, the Controller is satisfied that a prima facie case has not been made out for the making of an order under any of the sections referred to above, he shall notify the applicant accordingly, and unless the applicant requests to be heard in the matter, within one month from the date of such notification, the Controller shall refuse the application. If the applicant requests for a hearing within the time allowed the Controller shall, after giving the applicant an opportunity of being heard, determine whether the application may be proceeded with or refused.

**Notice of Opposition under Section 87(2).**- Rule 98 requires that a notice of opposition under section 87(2) should be given in Form 14 and be sent to the Controller within two months from the date of the publication of the application. The notice of opposition should however include the terms and conditions of the licence, if any, the opponent is prepared to grant to the applicant and be accompanied by evidence in support of the opposition. The opponent is required to serve a copy of notice of opposition and evidence on the applicant and notify the Controller when such service has been effected. No further statement or evidence is required to be delivered by either party except with the leave of or on requisition by the Controller.

Rule 98(5) requires the Controller to fix a date and time for hearing of the case and give the parties not less than ten days' notice of such hearing. Rule 98(6) clarifies that the procedure specified in sub-rules (2) to (5) of rule 62, shall, so far as may be, apply to the procedure for hearing, as they apply to the hearing in opposition proceedings. Rule 99 requires the Controller to publish the order made by him under section 85(3) revoking a patent.

**Procedure for Application under Section 88(4).**- Rule 100 requires that an application under section 88(4) for the revision of the terms and conditions of a licence which have been settled by the Controller should be in Form 20 and state the facts relied upon by the applicant and the relief he seeks and be accompanied by evidence in support of the application. In case the Controller is satisfied that a prima facie case has not been made out for the revision of the terms and conditions of the licence, he may notify the applicant accordingly and unless within a month the applicant requests to be heard in the matter, the Controller may refuse the application. The Controller, after giving the applicant an opportunity of being heard, shall determine whether the application shall be proceeded with or refused.

**Application for Termination of Compulsory Licence under Section 94.**- Rule 102 requires that an application for termination of compulsory licence under section 94(1) should be made in Form 21 along with the evidence by the patentee or any other person deriving title or interest in the patent. The applicant is required to serve a copy of the application and evidence on the holder of the compulsory licence and to inform the Controller the date on which the service has been effected. The holder of the compulsory licence may file his objection along with evidence, if any, to the application within one month from the date of receipt of the application and evidence by him to the Controller and serve a copy thereof to the applicant. No further evidence or statement are required to be filed by either party except with special leave of or on requisition by the Controller.

On completion of the above proceedings, the Controller is required to fix a date and the time for the hearing of the case and give the parties not less than ten day's notice of such hearing. Rule 102(6) clarifies that the procedure specified in sub-rules (2) to (5) of rule 62 so far as may be, apply to the procedure for hearing as they apply to the hearing in opposition proceedings. If the Controller decides to terminate the compulsory licence he shall issue an order giving terms and conditions, if any, of such termination and serve copies of the order to both the parties.

## INTERNATIONAL APPLICATIONS

**Appropriate Office in Relation to International Applications-** Rule 18 of the Patents Rules, 2003 provides that the receiving office, designated office and elected office for the purposes of international applications filed under the Treaty shall be the appropriate office in accordance with rule 4. The head office of the patent office shall be the appropriate office for dealing with the International Bureau of the World Intellectual Property Organisation, International Searching Authorities and International Preliminary Examining Authorities.

An international application under the Treaty should be filed at and processed by the appropriate office in accordance with the provisions rules relating to international applications under Patent Cooperation Treaty (PCT) the regulations established under the PCT. The appropriate office shall on receipt of an international application, transmit one copy as record copy of such application to International Bureau of the World Intellectual Property Organisation and another copy as search copy to Competent International Searching Authority. The appropriate office shall simultaneously furnish complete details of such application to the head office of the patent offices.

It may be pointed out that Section 39 expressly states that an Indian applicant cannot apply for patents outside India except under the authority of a written permit sought in the prescribed manner and granted by or on behalf of the Controller.

An Indian applicant can file a PCT International application in the following manner:

- (a) Filing in the Indian Patent Office acting as Receiving Office. In such cases, it is advisable that the application be accompanied by permission for foreign filing granted under section 39 by the Controller.

If such permission is sought along with the application, there is a probability that the permission may be deferred and the application may be referred to DRDO / Department of Atomic Energy for their directions.

- (b) Filing directly in the International Bureau of WIPO after taking permission u/s 39 from the Indian Patent Office.
- (c) After filing a patent application in India, anytime before the expiry of 12 months from the date of filing, file an international in IB of WIPO or in Indian Patent Office as Receiving Office. However, if the international filing is within 6 weeks from the date of filing in India, such filing shall be made after taking permission u/s 39 from the Indian Patent Office.

**International Applications Filed with Appropriate Office as Receiving Officer.-** Rule 19 requires that an international application should be filed with the appropriate office in triplicate either in English or in Hindi language. The fees payable in respect of an international application filed with the appropriate office shall be, in addition to the fees as specified in the regulations under the Treaty, the fees as specified in the First Schedule to the Patents Rules, 2003. Where an international application filed with the appropriate office has not been filed as specified above and the applicant desires that the appropriate office should prepare the additional copies required, the fee for making such copies shall be paid by the applicant. The appropriate office shall, on receipt of a request from the applicant and on payment of the prescribed fee by him, prepare a certified copy of the

priority document and promptly transmit the same to the International Bureau of the World Intellectual Property Organisation for the purpose of an international application filed with the appropriate office with an intimation to the applicant and the head office.

**International Applications Designating or Designating and Electing India.-** Rule 20 provides that an application corresponding to an international application under the Patent Cooperation Treaty (under Section 7(1A)) may be made in Form 1. However, the Patent office shall not commence processing of an application filed corresponding to international application designating India before the expiration of the time limit of thirty one months from the priority date. However, the Patent Office may, on express request filed in Form 18 along with the fee specified in First Schedule, process or examine the application at any time before thirty one months from the priority date.

An applicant in respect of an international application designating India shall, before the prescribed period pay the prescribed national fee and other fees to the patent office in the prescribed manner; and where the international application was either not filed or has not been published in English, file with the patent office, a translation of the application in English, duly verified by the applicant or the person duly authorized by him that the contents thereof are correct and complete.

In terms of Rule 20(5) the translation of the international application should include a translation in English of the description; the claims as filed; any text matter of the drawings; the abstract; and in case the applicant has not elected India and if the claims have been amended under Article 19, then the amended claims together with any statement filed under the said Article; in case the applicant has elected India and any amendments to the description, the claims and text matter of the drawings that are annexed to the international preliminary examination report.

If the applicant fails to file a translation of the amended claims and annexures as above, even after invitation from the appropriate office to do so, within a time limit as may be fixed by that office having regard to the time left for meeting the requirements, the amended claims and annexures shall be disregarded in the course of further processing the application by the appropriate office. The applicant in respect of an international application designating India is required to use Forms set out in the Second Schedule before the appropriate office as designated office.

**Filing of Priority Document.-** Rule 21 provides that where the applicant in respect of an international application designating India has not complied with the requirements of paragraph (a) or paragraph (b) of rule 17.1 of the regulations under the Treaty, the applicant shall file with the patent office the priority document referred to in that rule before the expiration of the specified time limit. Where priority document is not in the English language, an English translation thereof duly verified by the applicant or the person duly authorized by him shall be filed within the specified time limit. Where the applicant fails to comply with the requirements as above, the appropriate office shall invite the applicant to file the priority document or the translation thereof, as the case may be, within three months from the date of such invitation, and if the applicant fails to do so, the claim of the applicant for the priority shall be disregarded.

## **PATENT AGENT-QUALIFICATION AND REGISTRATION PROCEDURE**

**Patent Agents-** The work relating to drafting of Patent specifications, making of application for a Patent, subsequent correspondence with the Patent office on the objections raised, representing the applicant's case at the hearings, filing opposition and defending application against opposition is entrusted to a qualified 'Patent Agent'. The work related to all this is extremely complicated involving a highly technical and legal issues. To handle all these aspects successfully, it is not only very essential to have the knowledge of Patent law and



practice, but also high intelligence and expertise. Usually, such assignments are handled by well qualified, experienced and registered Patent Attorneys, though the Patents Act does not specify that the above actions have to be handled through said registered Patent agents. Sections 125 to 132 of the Patents Act, 1970 and Rules 108-120 of the Patents Rules, 2003 lay down provisions regarding the Patent Agents.

Recognizing the importance of maintaining a high standard of efficiency and professional integrity, the government has incorporated certain prescribed qualifications for those persons who desire to practice as registered Patent Agents. Accordingly, only those persons who satisfy the prescribed qualifications and registered under the Act are allowed to practice as Patent Agents before the Controller of Patents.

The Controller maintains a register to be called the 'Register of Patent Agents' in which there will be entered the names, address and other relevant particulars, as may be prescribed of all persons qualified to have their names so entered according to Section 126. According to Rule 4, such register has to be maintained at the Head Office of the Patent Office, Calcutta. The Register will contain the name, nationality, address of the principal place of business, branch office address and other relevant particular as may be prescribed, if any, the qualification and the date of registration of entry as Patent agent.

**Qualifications for Registration as Patent Agents.-** According to Section 126, a person will be qualified to have his name entered in the register of Patent Agents if he fulfils the following conditions, namely:

- (a) He/she is a citizen of India;
- (b) He/she has completed the age of 21 years;
- (c) He/she has obtained a degree in Science, Engineering or Technology from any University established under the law for the time being in force in the territory of India or possesses such other equivalent qualifications as the Central Government may specify in this behalf, and, in addition, -
  - (i) has passed the qualifying examination prescribed for the purpose; or
  - (ii) has, for a total period of not less than ten years, functioned either as an examiner or discharged the functions of the Controller under Section 73, or both, but ceased to hold any such capacity at the time of making the application for registration;
- (d) He has paid such fee as may be prescribed.

The Act also stipulates that a person who has been registered as a Patent Agent before the commencement of Patent (Amendment) Act, 2005 will be entitled to continue to be, or when required to be re-registered as a Patent Agent, on payment of the prescribed fee.

It is of particular interest to note that by the amendment effected to Section 126(1), by virtue of a person being an advocate would not make such a person registerable under the Act, as a Patent Agent. A person desirous to appear in the qualifying examination of Patent Agents should make a request to the Controller at the Patent Office along with the fee. The person can choose an office convenient to him, namely at Chennai, Mumbai, Delhi or Kolkata for submitting the application and also indicating the office where he would like to appear for the examination.

**Qualifying Examinations for Patent Agents.-** In order to maintain high professional efficiency, the Act has provided for certain prescribed qualification for the Patent Agents, as mentioned above in the Section 126. As per clause (c)(ii) of sub-section (1) of Section 126 there is a provision for conducting the qualifying examination for Patent agents, which will consist of a written test and a viva-voce examination. The written test shall be of two papers, i.e., (1) Patents Act and Rules and; (2) Drafting and interpretation of Patent specification and other documents of 100 marks each (Rule 110(2)). The qualifying marks for written paper & for the viva-voce



examination is fifty per cent each, and a candidate shall be declared to have passed the examination only if he obtains an aggregate of sixty percent of the qualifying marks (Rule 110 (3)).

The Controller periodically notifies about the date of conducting the examination for qualifying as Patent Agents. The notification is normally done in the Patent Office Journal and other news papers for the information of the interested persons. The information is also given in the notice boards of the various Patent Offices. In actual practice, the Controller conducts the examination, if sufficient number of applications is received from interested persons.

**Registration of Patent Agents.-** As per Rule 111, after a candidate passes the qualifying examination specified in rule 110 and after obtaining any further information, which the Controller considers necessary, and on receipt of the fee, the candidate's name shall be entered in the register of Patent Agents and he shall be issued a certificate of registration as a Patent Agent.

**Details to be included in an Application for Registration of Patent Agents.-** Rule 112 provides that a person, who is entitled to get his name registered as Patent Agent under sub-section (2) of Section 126, shall also make his request in Form 22 with prescribed fee of giving information regarding his practice as Patent Agent. The following details will be entered in the register:

- (a) Name and qualification,
- (b) Address of his/her office including branch office, if any
- (c) Date of payment of prescribed fee
- (d) Other details as may be necessary

**Disqualification for Registration as a Patent Agent.-** Rule 114 provides the conditions for disqualification of a person from registration as Patent Agent. As per Rule 114, a person will not be eligible to be registered as a Patent Agent, if he-

- (i) Has been adjudged by a competent court to be of unsound mind;
- (ii) Is an undercharged insolvent;
- (iii) Being a discharged insolvent, has obtained from the court a certificate to the effect that his insolvency was caused by misfortune without any misconduct on his part;
- (iv) Has been convicted by a competent court, whether within or outside India of an offence to undergo a term of imprisonment, unless the offence of which he has been convicted has been pardoned or unless on an application made by him, the Central Government has, by order in this behalf, removed the disability;
- (v) Being a legal practitioner has been guilty of professional misconduct; or
- (vi) Being a certified professional has been guilty of negligence or misconduct.

**Register of Patent Agents.-** According to Section 125, it is mandatory to maintain a register of Patent Agents for the purpose of identifying who are the persons registered as and are entitled to work as agents for the purpose of prosecuting the application for Patent on behalf of the applicant. The name can be maintained in the register by paying the renewal fee every year.

**Alteration of Names etc. in the Register of Patent Agents.-** As per Rule 118 a Patent Agent may apply for the alteration of his name, address of the principal place of business and branch offices, if any, or the qualifications entered in the register of Patent Agents. On receipt of such application and the fee specified therefore in the

First Schedule, the Controller will cause the necessary alterations to be made in the register of Patent Agents. Every alteration made in the register of Patent Agents will be published.

**Publication of Names of Patent Agents, Registered under the Act.**- Rule 120 provides that the names and addresses of persons registered as Patent Agents will from time to time will be published in the official journal, newspapers, trade journals and in such other manner as the Controller may deem fit. It will be also published in Annual Report of the Controller General of Patents, Designs and Trade Marks.

A person whose name is entered in the register of Patent Agents can practice before the Controller and if duly authorized, may sign all applications and communications to the Controller. His work also includes drafting of specification, making an application for Patent, making subsequent Correspondence with the Patent Office, attending hearing on behalf of the applicant, filing and taking part in opposition proceeding or defending his case against such opposition filed by some other Party. Practice as a patent agent includes any of the following acts, namely:

- (a) Applying for or obtaining patents in India or elsewhere;
- (b) Preparing specifications or other documents for the purposes of this Act or of the patent law of any country;
- (c) Giving advice other than of a scientific or technical nature as to the validity of patents or their infringement.

## CASE LAWS

### 1. Bajaj Auto Limited Vs. TVS Motor Company Limited JT 2009 (12) SC 103

**IPR Law-** Dispute over Patent for the Use of Twin-Spark Plug Engine Technology – Speedy disposal of Intellectual property rights cases- The Supreme Court of India by this landmark judgment has directed all the courts in India for speedy trial and disposal of intellectual property related cases in the courts in India. In two-year-old dispute involving two companies, which have been locked in a patent dispute over the use of a twin-spark plug engine technology, the Supreme Court observed that suits relating to the matters of patents, trademarks and copyrights are pending for years and years and litigation is mainly fought between the parties about the temporary injunction. The Supreme Court directed that hearing in the intellectual property matters should proceed on day to day basis and the final judgment should be given normally within four months from the date of the filing of the suit. The Supreme Court further directed to all the courts and tribunals in the country to punctually and faithfully carry out the aforesaid orders.

### 2. Bayer Corporation Vs. Union of India 162 (2009) DLT 371

Bayer Corporation, instead of filing a suit for infringement, filed an inventive writ petition in the Delhi High Court desiring that since the applications of Cipla “SORANIB” allegedly infringed its patent, its (Cipla's) marketing approval application under the Drugs Act should not even be processed or entertained. It is for the first time that an attempt is made to link drug approval to patent infringement in India. However, the Delhi High Court, denying the injunction, imposed a substantial cost of Rs. 6.75 Lakh to deter any such future attempts.

### 3. Novartis v. Union of India [CIVIL APPEAL Nos. 2706-2716 OF 2013 (ARISING OUT OF SLP(C) Nos. 20539-20549 OF 2009)]

**IPR Law-** Rejection of a patent for a Drug which was not ‘inventive’ or had an superior ‘efficacy’- Novartis filled an application to patent one of its drugs called ‘Gleevec’ by covering it under the word invention mentioned in Section 3 of the Patents Act, 1970. The Supreme Court rejected their application after a 7 year long battle by giving the following reasons: Firstly there was no invention of a new drug, as a mere discovery of an existing

drug would not amount to invention. Secondly Supreme Court upheld the view that under Indian Patent Act for grant of pharmaceutical patents apart from proving the traditional tests of novelty, inventive step and application, there is a new test of enhanced therapeutic efficacy for claims that cover incremental changes to existing drugs which also Novartis's drug did not qualify. This became a landmark judgment because the court looked beyond the technicalities and into the fact that the attempt of such companies to 'evergreen' their patents and making them inaccessible at nominal rates. Along with Section 48 of the (Indian) Patent Act, 1970 establishes a Patent Linkage Mechanism under which no market approval for a drug can be granted if there a patent subsisting over that drug. It also claimed that CIPLA's "SORANIB" is a "Spurious Drug" as defined under the Drugs Act, for which market approval cannot be granted. The Hon'ble High Court of Delhi held that there is no Drug- Patent Linkage mechanism in India as both the Acts have different objectives and the authority to determine patent standards, is within the exclusive domain of the Controller of Patents. Moreover, the patent linkage will have undesirable effect on the India's Policy of Public Health. It further held that the market approval of a drug does not amount to infringement of patent. Therefore, the patent infringement cannot be presumed, it has to be established in a court of law. Such adjudication is beyond the jurisdiction of Drug Authorities. On the issue of "SORANIB" being a spurious drug, the court held that CIPLA's "SORANIB" cannot come under the category of spurious goods as there is no e4.

**4. Nuziveedu Seeds Ltd. And Ors. Vs Monsanto Technology LLC and Ors.( Supreme Court of India ,Case No.: CIVIL APPEAL NOS.4616-4617 OF 2018)**

***Whether the summary invalidation of Monsanto's patent was valid?***

The Supreme Court allowed the appeal filed by Monsanto and held that summary adjudication of a technically complex suit requiring expert evidence also, at the stage of injunction in the manner done, was certainly neither desirable nor permissible in the law. The suit involved complicated mixed questions of law and facts with regard to patentability and exclusion of patent which could be examined in the suit on basis of evidence. The Supreme Court was satisfied that the Division Bench ought not to have disposed of the suit in a summary manner by relying only on documents extracted from the public domain, and not even filed as exhibits in the suit, much less examination of expert witnesses, in the facts of the present case. It was observed that the issues raised were complicated requiring technological and expert evidence with regard to issues of chemical process, biochemical, biotechnical and microbiological processes and more importantly whether the nucleic acid sequence trait once inserted could be removed from that variety or not and whether the patented DNA sequence was a plant or a part of a plant etc. are again all matters which were required to be considered at the final hearing of the suit. The court was satisfied in the facts and circumstances of the case that the nature of the injunctive relief granted by the Single Judge was in order and merits no interference during the pendency of the suit and the suit was remanded to the learned Single Judge for disposal in accordance with law.

**5. Ericsson vs. Xiaomi**

**TelefonaktiebolagetIm Ericsson (publ) vs. Xiaomi Technology & Ors, CS (OS) 3775/2014, ( Delhi High Court)**

In December 2014, Ericsson had filed a suit against Xiaomi in India for the alleged infringement of the 8 standard-essential patents. The Delhi High Court granted an ex-parte injunction on the sale, manufacture, advertisement, and import of Xiaomi's devices. Xiaomi claimed that its latest devices in the Indian market (as of December 2014), the Mi3, Redmi1S and Redmi Note 4G, contained Qualcomm chipsets, which implemented technologies licensed by Ericsson. Xiaomi subsequently challenged the injunction before a Division Bench of the Delhi High Court, which issued temporary orders to allow Xiaomi to resume the sale, import, manufacture, and advertisement of its mobile devices subject to the following conditions: Xiaomi would only sell devices

having Qualcomm chips and Xiaomi would deposit Rs. 100 towards royalty for every device it imported to India from the date of the launch of the device in India to January 5, 2015. This amount was to be kept in a fixed deposit for three months during the proceeding of the case.

## 6. Novartis vs. Cipla

### **Novartis A.G. & Anr vs. Cipla Ltd, CS (OS) 3356/2014, (Delhi High Court)**

In another patent litigation case, Delhi High court barred Indian generic drug maker Cipla from making or selling generic copy of Novartis's "Onbrez" by giving temporary injunction to Novartis. Citing famous Roche vs Cipla case, the court observed that Novartis has a strong prima facie case and as the validity of the patent is not seriously questioned, there is a clear way out to grant injunction. Further, the court observed that Cipla did not provide any figures about the "inadequacy or shortfall in the supply of the drug." Earlier Cipla launched its generic version of Indacaterol in October claiming "urgent unmet need" for the drug in India.

Without going conventional way, Cipla, also approached the Department of Industrial Policy and Promotion (DIPP) to exercise its statutory powers under Section 66 and Section 92 (3) to revoke Indian Patents IN222346, IN230049, IN210047, IN230312 and IN214320 granted to Novartis AG for the drug Indacaterol. Cipla argued on the basis of 3 main points i.e. "epidemic" or a "public health crisis" of COPD, unable to manufacture the same in India by Patentee and high cost of patented drug.

## 7. Vringo Vs. ZTE

### **Vringo Infrastructure Inc, & Anr. Vs. Zte Corporation & Ors. FAO(OS) 369/2014( Delhi High Court)**

In January 2014, Vringo and Vringo Infrastructure filed a patent infringement suit in the Delhi High Court against ZTE, over the alleged infringement of its patent IN200572.

In February 2014, the Delhi High court granted an ad-interim ex-parte injunction restraining ZTE from importing, selling, advertising, installing or operating devices that comprise the infringing components. The High court also appointed local commissioners to inspect ZTE's premises and instructed customs authorities to detain ZTE's shipments that may contain such devices and to notify Vringo. In March 2014, ZTE appealed against the injunction, which was vacated on August 5 the same year with ZTE being ordered to deposit Rs. 17.85 crore to the court.

The suit is sub judice now. As of August 2014, ZTE had filed for the revocation of IN200572 on grounds of it not being innovative as well as for violating some statutory provisions under Section 64 of the Indian Patents Act.

## 8. Dr Snehlata C. Gupte v. Union of India & Ors (W.P. (C) No 3516 and 3517 of 2007) Delhi High Court :-

### ***What shall be the actual date of grant of a patent?***

This case was instrumental in determining when a patent can said to be granted under the Patent Act 1970 (the Act). This lack of clarity led to a scrutiny of the relevant provisions the Act and also the existing process with a time gap between the grant and the issuance of the patent certificate. The Delhi High Court, while holding that the date of grant of a patent is the date on which the Controller passes an order to that effect on the file, noted that the language, "a patent shall be granted as expeditiously as possible" (u/s 43) does point out that a patent has to be granted once it is found that either the application is not refused in a pre-grant opposition or otherwise is not found in contravention of any provision of the Act.

At the core of the legal challenge was the existing process, which resulted in a time gap between the grant of a patent and the issue of the patent certificate. The court held that the date of the grant of a patent is the date on which the controller passes an order to that effect on the file i.e. on the day in which the Controller makes a

decision to grant a patent. The issue of a certificate at a later date is then nothing more than a mere formality.

The court also came down strongly against the practice of filing serial pre-grant oppositions. through aliases, a practice now fairly common in most pharmaceutical patent cases.

Therefore, the decision taken by the Controller on the file is the determining event for ascertaining the date of grant of patent and the acts of sealing of the patent and entering the same in the Register are ministerial acts evidencing the grant of patent.

### 9. SYMED Labs vs. Glenmark Pharmaceuticals

**Symed Labs Limited vs. Glenmark Pharmaceuticals Limited & Anr, FAO(OS) 405/2014 (Delhi High Court)**

In another case of SYMED Labs vs. Glenmark Pharmaceuticals, Symed Labs Ltd. had sued Glenmark Pharmaceuticals Laboratories before the Delhi High Court for allegedly infringing two of its patents: IN213062 & 213063. First patent was granted for “Novel intermediates for Linezolid and related compounds” while the ‘063 patent was granted for “A novel process for the preparation of linezolid and related compounds. While declaring the judgment on 9th Jan 2015, the judge convinced that the Plaintiff has got good prima facie case in favour of SYMED. Further the judge decided that protection to the patent processes ought to be granted to the Plaintiff as damages will not be an efficacious remedy. Thus, there will be irreparable loss and injury because of the long uninterrupted use of patents, the balance of convenience also lies in favour of the Plaintiff. Thus the judge granted an ad interim injunction restraining Glenmark from manufacturing, selling, offering for sale, advertising or directly or indirectly dealing in the production of Linezolid manufactured in a manner so as to result in infringement of the Plaintiff’s registered Patents.

### 10. Maj. (Retd.) Sukesh Behl & Anr. vs Koninklijke Phillips,FAO(OS) No.16 OF 2014 (Delhi High Court)

In this litigation case, Sukesh Behl made a counter claim for revocation of the suit Patent No. 218255 under Section 64(1)(m) of the Patents Act, 1970 (for short “the Patents Act”) for non-compliance of the provisions of Section 8. Earlier in another suit Koninklijke Phillips sought for permanent injunction restraining Sukesh Behl from infringing its patent and for other incidental reliefs. While delivering the judgement, the judge answered the question of whether the failure to comply with the requirement of Section 8 of the Patents Act would invariably lead to the revocation of the suit patent under Section 64(1)(m) of the Patents Act, the word “may” employed in Section 64(1) indicates that the provision is directory and raises a presumption that the power of revocation of patents conferred under Section 64(1) is discretionary. Citing Chemtura case, the judge hold that the power to revoke a patent under Section 64(1) is discretionary and consequently it is necessary for the Court to consider the question as to whether the omission on the part of the plaintiff was intentional or whether it was a mere clerical and bonafide error. Finally, the judge dismiss the plea of Sukesh Behl for revocation of said patent under section 64 (1)(m).

## LESSON ROUND UP

- A Patent is a grant by the Government, given for disclosing a new invention by an Inventor or a group of Inventors or otherwise an applicant.
- Simplicity of an invention is not a bar for securing a Patent.
- Patent gives the Patentee the right to take legal action to prevent others from commercially exploiting the patented invention in the country which grants the Patent without the permission of the Patentee (Proprietor).

- Patents (Amendment) Rules, 2016 were introduced to gear up and encourage start-ups in different fields. A more liberal definition of “startup” has now been incorporated under the Patent (Amendment) Rules, 2017 which allows domestic as well as foreign entities to claim benefits, such as, fast-track mechanism and lower fee for filing patents.
- The main criteria for securing a Patent is that the invention which is to be protected must be novel, should have an inventive step and should have utility.
- A novel invention is one which has not been disclosed in the prior art where ‘prior art’ means everything that has been published, presented or otherwise disclosed to the public on the date of Patent.
- ‘Inventive step’ is a feature of an invention that involves technical advancement as compared to existing knowledge or having economic significance or both, making the invention non-obvious to a person skilled in that art.
- An invention to be Patentable must be useful. If the subject matter is devoid of utility it does not satisfy the requirement of invention.
- The complete specification is a techno-legal document which fully and particularly describes the invention and discloses the best method of performing the invention.
- Under the Patents Act, 1970, the provisions regarding ‘Opposition proceedings to Grant of Patents’ are contained in Chapter V, containing Sections 25 to 28.
- Where the Patent or the mode in which it is exercised is mischievous to the State or generally prejudicial to the public, it may be revoked under the provisions of Section 66.
- Under Section 64(4) of Patents Act, 1970, the Central Government may petition the High Court to revoke a Patent on the ground that the Patentee has failed to comply with its request to use the patented invention for purposes of Government on reasonable terms.
- There are 17 grounds enumerated under section 64(1) of the Patents Act under which a Patent may be revoked.
- Section 70 of the Patents Act, 1970 gives the person/persons, persons registered as grantee or proprietor of a patent, power to assign, grant licences under, or otherwise deal with, the patent and to give effectual receipts for any consideration for any such assignment, licence or dealing.
- A Compulsory Licence is a licence granted by the Government to a third party to use the Patented invention and other forms of Intellectual Property so as to restrict the rights of the Patentee for the purpose of stopping the abuse/misuse of the rights by the property holder and to prevent the negative effect of such action on the public.
- The work relating to drafting of Patent specifications, making of application for a Patent, subsequent correspondence with the Patent office on the objections raised, representing the applicant’s case at the hearings, filing opposition and defending application against opposition is entrusted to a qualified ‘Patent Agent’.
- Sections 125 to 132 of the Patents Act, 1970 and Rules 108-120 of the Patents Rules, 2003 lay down provisions regarding the Patent Agents.

*These are meant for re-capitulation only. Answers to these questions are not to be submitted for evaluation.*

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# Lesson 6

## Patent Databases and Patent Information System

### LESSON OUTLINE

- Introduction
- Patent Offices in India
- Importance of Patent Information in Business Development
- Patent Databases
- Various types of Searches using Patent document
- Lesson Round-Up
- Self-Test Questions Patent Search

### LEARNING OBJECTIVES

The Intellectual Property Office in India is dedicated to mobilize the use of technological advancement for socio-economic development, by creating the requisite IP culture. The Office of the Controller General of Patents, Designs & Trade Marks (CGPDTM) is responsible for the administration of Patents Act, 1970, Designs Act, 2000, The Trade Marks Act, 1999 and Geographical Indications of Goods (Registration and Protection) Act, 1999 through its Intellectual Property Offices located at Mumbai, Delhi, Kolkata, Chennai and Ahmedabad.

Patent information is more than just technological or legal information. When developing a new product, comparative technological information may determine the success or failure of the product and, in turn, the success or failure of the company itself.

An important step before filing a patent application is to conduct a patent search. A patent search is a search conducted in patent databases as well as in the literature available to check whether any invention similar to inventor's invention already exists.

Many national and regional patent offices provide free online access to their own patent collections as well as to selected patent documents from other offices. A number of commercial and non-profit service providers also offer free patent information databases online.

The study lesson familiarizes the students with the Intellectual Property Office in India; importance of patent information in business development; patent search and its importance, and the various databases available for conducting patent search.

## INTRODUCTION

Intellectual Property Rights (IPR) are considered to be the backbone of any economy and their creation and protection is essential for sustained growth of a nation. The intellectual property rights are now not only being used as a tool to protect the creativity and generate revenue but also to build strategic alliances for the socio-economic and technological growth. Accordingly, the Intellectual Property Office in India is dedicated to mobilize the use of such technological advancement for socio-economic development, which is a constitutional mandate, by creating the requisite IP culture.

## PATENT OFFICES IN INDIA

The Office of the Controller General of Patents, Designs & Trade Marks (CGPDTM) comes under the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry. Of late, the office of the Controller General has also been known as Intellectual Property Office (IPO). The Office is responsible for the administration of Patents Act, 1970, Designs Act, 2000, The Trade Marks Act, 1999 and Geographical Indications of Goods (Registration and Protection) Act, 1999 through its Intellectual Property Offices located at Mumbai, Delhi, Kolkata, Chennai and Ahmedabad.

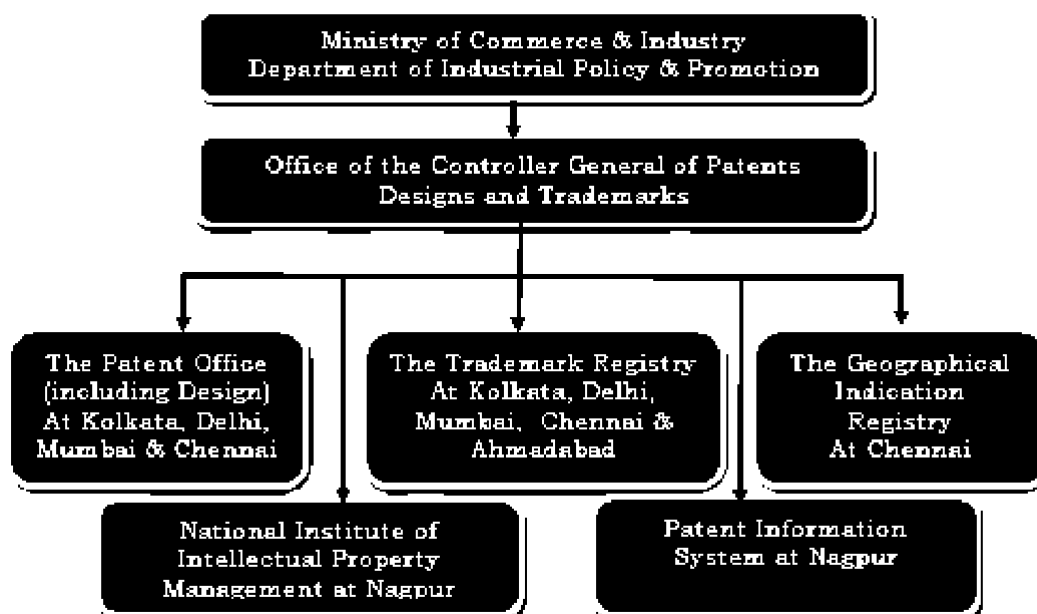
The Office of the Controller General of Patents, Designs & Trade Marks (CGPDTM) is located at Mumbai. The Head Office of the Patent office is at Kolkata and its branch offices are located at Chennai, New Delhi and Mumbai. The Trade Marks registry is at Mumbai and its branches are located in Kolkata, Chennai, Ahmedabad and New Delhi. The Design Office is located at Kolkata in the Patent Office. A Geographical Indications Registry has been established in Chennai to administer the Geographical Indications of Goods (Registration and Protection) Act, 1999 under the CGPDTM.

The Controller General supervises the working of the Patents Act, 1970, as amended, the Designs Act, 2000 and the Trade Marks Act, 1999 and also renders advice to the Government on matters relating to these subjects. Mr. P.H. Kurian was the first IAS officer to serve as Controller General. Mr. Chaitanaya Prasad has assumed charge as CGPDTM recently.

The Patent information System (PIS) and National Institute of Intellectual Property Management (NIIPM) located at Nagpur also come under the superintendence of CGPDTM. PIS maintains a comprehensive collection of patent specifications and patent related literature on a worldwide basis to meet the need for technological information of various users in R&D establishments, Government Organizations, Industries, Business, Inventors and other users enabling them to take informed business decisions.

National Institute for Intellectual Property Management (NIIPM) as a national centre of excellence for training, management, research, education in the field of Intellectual Property Rights related issues, caters to the training of Examiners of Patents and Designs, Examiners of Trademarks & Geographical Indications, IP Professionals, IP Managers in the country, imparting basic education to user community, government functionaries and stakeholders involved in creation, commercialization and management of intellectual property rights. The institute will also facilitate research on IP related issues including preparation of study reports and policy analysis of relevance to Government. These activities are not addressed to by any other agency in the country at present.

Organizational details of Intellectual Property Office are given below:



The updated laws, highlights of various functions and other useful information are available on (<http://www.ipindia.nic.in>).

## PATENT INFORMATION

Traditionally, patent information searches are done, if at all, as a part of the application drafting process before filing patent applications, or while planning and preparing for patent litigation. With the rapid expansion of information technology resulting in increasing availability of on-line databases of patent information, this micro-level use of patent information has evolved into a much more strategic use of patent information.

In recent years, economists, social science researchers, policymakers, businessmen and professionals have begun to make increasing micro-level and macro-level use of patent information. This is being done to analyze, for example, patenting activities of a country's technical patterns of internationalization; patenting activities in a sector, technology or company to ascertain or forecast the direction of technical change, or ascertain the relative technological position of a company in a marketplace; etc. As such, the use of patent information has expanded to many different tactical and strategic business, research, and policy making activities at national, institutional or enterprise levels.

## WHAT IS PATENT INFORMATION

Patent information includes not only the content of published patent documents but also bibliographic and other information concerning patents for inventions, inventors' certificates, utility certificates and utility models. It is the largest, well-classified and most up-to-date collection of technical documents on new and innovative technologies.

Patent applications are filed in accordance with the requirements of national or regional patent laws. An applicant may be a public and private company, government agency, researcher in a university or in a research and development institution, or even individual inventors.

A patent document contains in a standardized form, a wealth of information about the state-of-the-art, adjudged in the international context, in technological developments in that area of technology. The Patent Information System (PIS) was established in 1980 by the Government of India at Nagpur with the objective to obtain and maintain a comprehensive collection of patent specification and patent related literature on worldwide basis to meet the needs of technological information of various users in R & D establishments, Government organizations, Industries, businesses, Inventors and other users and to provide technological information contained in patents through search services and supply of copies of patent specifications.

### **SERVICES OF PATENT INFORMATION SYSTEM –**

The List of Services which was offered by PIS are as under:

- State of Art Search  
Provides overview of the State of Art Provides bibliographic data and abstracts of patent documents retrieved.
- Bibliographic Search  
Provides bibliographic data on patent documents retrieved One or more suitable search terms including Inventor name, applicant name, classification symbols are used
- Assisted Search  
Users are allowed to use databases to conduct search General assistance in performing the search is provided
- Patent Copy Supply Service (PIS)

PIS is providing copy of the patent documents which are available in the PIS.

### **REASONS FOR USING PATENT INFORMATION**

Patent information is more than just technological or legal information. When developing a new product, comparative technological information may determine the success or failure of the product and, in turn, the success or failure of the company itself. Some of the practical applications of patent information include:

#### **Tool for Creative Thinking**

Patent information provides a source of technological information that can be used by researchers and inventors to find new solutions to technical problems. A specific methodology developed on the basis of patent information is the TRIZ methodology (Russian acronym for 'Teorya Resheniya Izobreatatelskikh Zadatch', Theory of the Solution of Inventive Problems). Based on the study and analysis of a set of worldwide patent documents, Genrich Altshuller and his colleagues developed the TRIZ methodology. Starting in 1946, TRIZ began with the hypothesis that there are universal principles of invention that are the basis for creative innovations which advance technology, and that if these principles could be identified and codified, they could be taught to people to create or enhance their inventive capabilities.

The TRIZ research has proceeded in several stages and more than 2 million patent documents have been examined, classified by level of inventiveness and analyzed to look for principles of innovation.

TRIZ is currently being applied internationally to create and to improve products, services and systems. Large and small companies, including many Fortune 500 companies are using TRIZ on many levels to solve real and practical problems and to develop strategies for the future of technology. Based on one of the conclusions of the

theory, that inventiveness and creativity can be learned, universities worldwide have introduced undergraduate courses related to the TRIZ methodology to enhance creativity and inventive thinking abilities of students.

Patent information, therefore, provides an extremely useful source of information for learning and developing creative problem solving and innovation strategies.

### **Input for Licensing Strategy**

When considering “licensing in” of technology owned by others, “licensing out” owner’s technology or “cross-licensing” between two patent portfolio owners, the concerned parties must collect reliable information on the target or key technology in order to take the right decision. If the technology in question is valuable enough, it will generally be protected by a patent because of the intrinsic insecurity and difficulty of keeping it as a trade secret. Therefore, the analysis of patent information provides them with valuable technical and business information regarding target or key technology. Before entering into licensing negotiations, it is most important that the parties have a very good understanding of the target technology itself, its value, in terms of its strengths and weaknesses, which is aided considerably by a thorough and careful analysis of relevant patent information.

While preparing to ‘licensing in’ of technology, analyze patent information to consider:

- whether the technology in question is in the public domain in your target market due to its non- protection, expiration, non-payment of maintenance fee or invalidation of the patent in a court proceeding;
- whether there is a possibility of someone else bringing an action for infringement against you to make you liable for payment of any damages;
- Whether the technology is overvalued or undervalued by comparing it with other related or alternate technologies, etc.

Similarly, while preparing to ‘license out’ your technology, analyze patent information to consider:

- who could be prospective licensees in the market place;
- how valuable is your technology in order to prepare an attractive offer;and
- Whether it is a core technology in your business, which if licensed out might become an obstacle to continue to practice this technology,etc.

‘Cross-licensing’ is an exchange between two companies to license one or more patents to each other, which gives the companies the freedom to operate; that is, without any fear of being accused of violating the patent rights of the other party. Payment(s), if any, in a cross-licensing agreement is/are made by the party, which is perceived to have a patent portfolio of lesser value. Let us say that Company X is negotiating with Company Y. If Company X argues that its portfolio is more valuable than that of Company Y, it may require Company Y to fill the gap in the form of one time or recurring payments. Here, patent analysis plays a role in comparing the patent portfolios of the two companies and in identifying key patents, so that it can help to decide who should pay whom and how much.

### **Supporting Mergers and Acquisitions (M&A)**

If a company wishes to acquire a specific technology along with other complimentary assets and has no idea from where to obtain it, then it first need stoid entify all the companies with relevant patents and related assets. A patent search help to identify all of the patents related to the area of interest. Once one or more potential target technologies/companies are identified, then the company can undertake additional patent analysis to narrowd own its choices to decide which of the companies is the best merger or acquisition target.

Once a company identifies a target company, patent analysis can also address additional issues such as: Is the target's technology as good as it is claimed to be? Is the company priced fairly? Who are the key inventors and will they stay with the merged or acquired company? Let us analyze a case. As part of a broad strategic plan to fill gaps in a company's technology base, a large high-tech company acquired a small specialty business. Soon after completing the acquisition, the acquiring company discovered that R&D capabilities of the acquired company were quite limited, and certainly not consistent with the perception that it had bought a company with strong technological capabilities. Its technological capability was dependent on one key researcher and he did not come along as part of the deal. He was transferred to the parent company before the sale was completed. If patent analysis had been done before proceeding with the acquisition, the company would have been able to find out that who the key researcher is and then could have taken appropriate measures to retain him.

### **Guiding Management of Research and Development (R&D)**

In order to enter into a new business or to develop a new product, a company should be able to seize the overall image of the relevant technology field and accurately forecast the market needs. Patent analysis makes it possible to find out the flow of technology from elementary technologies along with the expansion of those technologies, the trend of technological change, the life cycle of a technology (consisting of growth, development, maturity and decline), problems and solutions in the development of a particular technology, competitors' technologies and solutions to cope with possible problems. Knowing the life cycle of a technology makes it possible to judge the timing of development policy and focus on certain development themes. It can also prevent an infringement from occurring, which would save a huge amount in litigation expenses and compensation for damages.

Patents are often linked to research and development and can be considered as indicators of R & D output. If one company has more patents than another does, then this suggests that the company has a stronger commitment to R&D. Not all patents, however, are equally valuable. A few patents are for radical inventions that change the world; most patents are granted for incremental but non-obvious inventions. A patent, which is more frequently cited than other patents of the same age, is regarded as a patent of greater impact or of higher quality. From links between patents revealed by patent citation analysis, it is possible to target the acquisition of strong patents, which results in the enhancement of R&D output and, consequently, much improved or new products.

### **Human Resources Management**

It has been repeatedly shown that a small number of highly prolific inventors drive technological development and a much larger numbers of researchers produce only one or two patents in any laboratory or company. Patent analysis, such as a co-inventor brain map, can show the key inventors who are vitally important for the future of the company. Such brain maps can identify not only star inventors within a company, but key inventors in other companies, which is a useful analysis for headhunting and in developing an effective M&A strategy.

### **PATENT SEARCH & PATENT DATA BASES**

An important step before filing a patent application is to conduct a patent search. Just as companies need to do due diligence before taking on any business venture, likewise patent owners need to do patent due diligence before filing a patent application. A patent search is a search conducted in patent databases as well as in the literature available, to check whether any invention similar to the invention in respect of which patent is to be obtained, already exists. In other words, it evaluates inventor's chances of getting a patent grant. Therefore, instead of going forth with the filing, if one conducts the patentability search, one can get a clear idea about the patentability of the invention; whether the application should be filed and the strengths and weakness of his

invention.

Since patenting is an expensive procedure, it is prudent to conduct a patentability search before filing an application. Although there is an additional expense associated to have a patent search performed, it can potentially save the inventor's money down the road.

Patent information is made available to the public through a variety of databases. Each database covers a particular set of patent documents. At present no database has complete coverage of all patent documents ever published worldwide. Thus, it may be necessary to consult multiple databases in order to find and then access patent documents relevant to your interests.

### Databases on CD-ROM

Information technology allows accessing patent data in text and picture form on CD-ROM. CD-ROM databases are very convenient for documentary searches. Users need no outside connections, and can work with simply a CD-ROM driver plus a computer.

CD-ROM databases, however, have some drawbacks. One problem is with their updating. As on-line databases can be easily updated on a regular basis, the information on CD-ROM rapidly becomes out of date, at least for certain types of analysis. It is also a problem to easily use CD-ROM databases to compile statistical series; hence, they are not yet suitable for statistical applications.

### On-line Databases

Internet-based databases are on-line databases. Anyone who has access to the Internet may be able to browse the full text of published patent documents via free of charge databases or commercial databases. As access to these kinds of databases is not restricted across national borders, so users worldwide can very easily access patent documents from a computer connected to the Internet.

As of now, many national and regional patent offices provide free online access to their own patent collections as well as to selected patent documents from other offices. For example, the Full-Text and Full-Page Image Database of the United States Patent and Trademark Office (USPTO) is one of the earliest and free online patent information services. Another major on-line free patent database is Espacenet, esp@cenet®, provided by the European Patent Organization through the EPO (European Patent Office) and the national offices of its members states. Espacenet offers free access to more than 80 million patent documents worldwide, containing information about inventions and technical developments from 1836 to today. An extensive list of national patent Databases can be found at: [www.wipo.int/patentscope/endsbsearch/national\\_databases.html](http://www.wipo.int/patentscope/endsbsearch/national_databases.html)

WIPO offers free online access to all international patent applications within the framework of the PCT and their related documents and patent collections from National and Regional Offices through its PATENTSCOPE search service: (<http://patentscope.wipo.int/search>)

International Patent Classification (IPC) is a hierarchical classification system used primarily to classify and search patent documents (patent applications, specifications of granted patents, utility models, etc.) according to the technical fields they pertain. It therefore serves as an instrument for an orderly arrangement of the patent documents, a basis for selective dissemination of information and a basis for investigating the state of the art in given fields of technology.

IBM Intellectual Property Network (free searching and full text and front page display), Intellectual Property Network (IPN) is a free IBM patent site provided by IBM (International Business Machines Corporation). The database contains:



- United States patents (US): 1971-present & updated weekly.
- European patents - applications (EP-A): 1979-present, updated weekly.
- European patents - issued (EP-B): 1980-present, updated weekly.
- WIPO (World Intellectual Property Organization) PCT publications (WO): 1990-present, updated weekly.
- Patent Abstracts of Japan (JP): 1976-present, updated weekly.

A number of commercial and non-profit providers also offer free patent information databases online. Certain commercial service providers have established value-added services for access on a fee-paying basis including translations of patent information and additional systematic classification, for instance by chemical structures and reactions or biological sequences.

Moreover, professional search services exist that can perform prior art searches on behalf of potential patent applicants and may be useful if an initial search does not produce desired results. An extensive list of patent service providers can be found at: ([www.piug.org/vendors.php](http://www.piug.org/vendors.php))<sup>1</sup>

Though free on-line patent databases are available and anyone can access these databases, nevertheless, it is pertinent that a persons killed in conducting searches be given the task. The reason being, patent searches involves tedious, repeated searching through various patent and non-patent literature. An unskilled person would not be able to do justice to the vast amount of literature to be searched. Furthermore, a skilled person understands the importance of the claims of a patent. The claims of a patent are of utmost importance when a similar patent to your invention exists; in such a case, one needs to analyze the patent claims to determine the degree of similarity between the two. Furthermore, a skilled person would be able to counsel on the strength of your patent or on refining your patent so that it does not infringe other existing art. A non-skilled person may not understand these concepts.

## VARIOUS TYPES OF SEARCHES USING PATENT DOCUMENTATION

In practice, there are various more or less typical reasons for performing searches in collections of patent documents, each of them requiring a slightly different approach in the search method used. Some of the search types are basically concerned with technological information as such, while others are directed towards the processing of patent applications, or relevant to the legal state of a new technology. The individual types of searches are listed herein below separately, whereas it is a well-known fact that many items of bibliographic information may be combined in searching.

In general, searches performed by inventors are usually not as exhaustive as the searches done by professionals at patent offices. However, such insights into patent documents are often very useful for the inventor to determine whether someone has already patented a similar invention, or to obtain relevant information about other patents in the same category as his invention.

### Pre-Application Searches (PAS)

At first, an invention is just an idea. Many details are not even known or recognized as relevant parts. A novelty search based on a vague idea can only result in a vague picture of the prior art. The patent application process is difficult, time consuming and expensive; therefore, the inventor should conduct a "Pre- Application Search" (PAS) before filling a patent application. In this search, the inventor should look for any printed publications, public knowledge, or patents already issued in his country or a foreign country that may relate to the particular invention.

1. See, *WIPO Guide of Using Patent Information*, Available at: [http://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_l434\\_3.pdf](http://www.wipo.int/edocs/pubdocs/en/wipo_pub_l434_3.pdf)

### State of the Art Searches

This kind of search, also referred to as “Informative Search,” is made to determine the general state-of-the-art for the solution of a given technical problem as background information for R&D activities and in order to know what patent publications already exist in the field of the technology or research. Further reasons for undertaking this kind of search could be the wish to identify alternative technologies which may replace known technology or to evaluate a specific technology which is being offered for licensing or which is being considered for acquisition. State-of-the-art searches are especially useful for technology development or technology transfer purposes.

### Novelty Searches

The objective of a “Novelty Search” is to determine the novelty or lack of novelty of the invention claimed in a patent application or a patent already granted, or of an invention for which no application has yet been filed. The aim of the search is to discover relevant prior art. An early novelty patent search is usually discouraging. Normally, the basic inventive ideas are formulated in such an unspecified way that many publications will apply to this broad description. Dependent on the outcome of the novelty search, the next decision will be whether to stop or to go ahead in developing the invention. If nothing of relevance was found, it is easy and you should go ahead. The decision becomes more difficult if one or several pertinent documents have been found. Most important is to restrict the search to the appropriate area. This may be done by identifying a proper place or places for the subject of the search in the IPC.

### Patentability or Validity Searches

A “Patentability or Validity Search” is made to locate documents relevant to the determination not only of novelty but also of other criteria of patentability, for example, the presence or absence of an inventive step (i.e., the alleged invention is or is not obvious) or the achievement of useful results or technical progress. This type of search should cover all the technical fields, which may contain material pertinent to the invention. Novelty and patentability searches are mainly being carried out by industrial property offices in the course of the examination of patent applications.

### Name Searches

These are searches for locating information about published patent documents involving specific companies or individuals, as applicants, assignees, patentees or inventors.

### Technological Activity Searches

They are to be understood as searches for identifying companies and/or inventors who are active in a specific field of technology. These searches are also suitable for identifying countries in which a certain technology is being patented, so as to know where to turn to for obtaining particular information in a given field of technology.

### Infringement Searches

The objective of an “Infringement Search” is to locate patents and published patent applications, which might be infringed on by a given industrial activity. In this type of search the aim is to determine whether an existing patent gives exclusive rights covering that industrial activity or any part of it.

### Patent Family Searches

This kind of search is carried out to identify a member of a “patent family.” Patent family searches are used in order to:

- find the countries in which a given patent application has been filed (if published);
- find a “patent family member” that is written in a desired language;
- obtain a list of prior art documents or “References Cited”; and
- estimate the importance of the invention (by number of patent documents relating to the same invention and being published in different countries or by industrial property organizations).

### Legal Status Searches

A search for this type of investigation is made to obtain information on the validity (status) of a patent or a published patent application, on a given date, under the applicable patent legislation in one or more countries. Such information can assist in making decisions on, for example, exporting, or in the negotiation of license agreements. It can also give guidance on the value attached to a particular patent by the patentee.

### WHY CONDUCT A PATENT SEARCH?

Filing a patent is an expensive process. Besides the official fees, the fees of the patent attorney or agent also need to be considered. Imagine spending money on trying to get a patent, only to find out that your invention was never patentable! A patent search avoids this situation.

Besides financial reasons, there are several other compelling reasons for conducting a search before filing a patent application in India or globally.

#### Reasons:

1. A patentability assessment can help you understand whether your invention is patentable and if so, how far can it be protected. For example, computer programs, per se, are non-patentable but computer programs that are manifested in a useful way can be patented.
2. A patent search reveals the prior art in your field of invention. This will come in handy when drafting the patent specification. The knowledge of prior art will help you determine if your invention has any value addition over the prior arts. This will reduce the chances of rejection by the Patent Office.
3. If your invention has no value addition then understanding the prior art will help you refine your invention so as to make it patentable.
4. The patent search can also reveal certain companies who are keen on obtaining patents in the field of technology relating to your invention. In such cases, it gives you the lead on which companies to contact for licensing of your invention.
5. Ordinarily, every Applicant wants his patent to become commercial and therefore a source of finances. A patent search not only reveals inventions similar to your invention but also the commercial value of the invention in the economy. Based on this you can determine the commercial value of your invention.
6. Another important reason for conducting a patent search is that while applying for a patent, the applicant needs to describe his entire invention. Even if his patent gets rejected, his application would be considered prior art, open for all to see. This means that competitors can get free access to his hard work. A patent search helps avoid such a situation. Even if your invention is not patentable according to law, you can use it as a trade secret and gain revenue.

## LESSON ROUND UP

- The Intellectual Property Office in India is dedicated to mobilize the use of such technological advancement for socio-economic development, which is a constitutional mandate, by creating the requisite IP culture.
- The Office of the Controller General of Patents, Designs & Trade Marks (CGPDTM) comes under the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry. The Office is responsible for the administration of Patents Act, 1970, Designs Act, 2000, The Trade Marks Act, 1999 and Geographical Indications of Goods (Registration and Protection) Act, 1999 through its Intellectual Property Offices located at Mumbai, Delhi, Kolkata, Chennai and Ahmedabad.
- The Patent information System (PIS) and National Institute of Intellectual Property Management (NIIPM) located at Nagpur also come under the superintendence of CGPDTM.
- Patent information includes not only the content of published patent documents but also bibliographic and other information concerning patents for inventions, inventors' certificates, utility certificates and utility models.
- A patent document contains in a standardized form, a wealth of information about the state-of-the-art, adjudged in the international context, in technological developments in that area of technology. Some of the practical applications of patent information include that such information is a tool for creative thinking; provides input for licensing strategy; supports mergers and acquisitions and in human resources management helps in identifying key inventors other companies who are vitally important for the future of the company.
- A patent search is a search conducted in patent databases as well as in the literature available to check whether any invention similar to your invention already exists. Patent information is made available to the public through a variety of databases. Each database covers a particular set of patent documents.
- As of now, many national and regional patent offices provide free online access to their own patent collections as well as to selected patent documents from other offices.
  - A number of commercial and non-profit providers also offer free patent information databases online. Certain commercial providers have established value-added services for access on a fee-paying basis including translations of patent information and additional systematic classification.

## SELF TEST QUESTIONS

*These are meant for re-capitulation only. Answers to these questions are not to be submitted for evaluation.*

1. Discuss the organizational details of the Intellectual Property Office in India.
2. Explain the functions of the Patent information System (PIS) and National Institute for Intellectual Property Management (NIIPM).
3. What is patent information? Briefly explain the significance of using the patent information.
4. Why is patent search done? What are the various on-line databases available that provide access to patent documents while conducting patent search.
5. List out the individual types of searches in patent documentation
6. Write short note on use of TRIZ methodology in the field of Patent



# Lesson 7

## Preparation of Patent Documents

### LESSON OUTLINE

- Introduction
- Laboratory Notebooks
- Methods of Invention Disclosures
- Patent Application and its Contents
- Writing of the Patent Document
- LESSON ROUND-UP
- SELF-TEST QUESTIONS

### LEARNING OBJECTIVES

A laboratory notebook is an important tool that goes well beyond research management and can have important implications for issues ranging from intellectual property management to the prevention of fraud. Typically, governments award patents on either a first to file or first to invent basis. Therefore, it is important to keep and maintain records that help establish who is first to invent a particular invention.

Writing a high-quality patent application is important because it sets out in a clear fashion the terms by which the patent owner and others will be bound. There is no specific format as to how to prepare a patent document. It is worth having the application professionally prepared.

The students must know the importance of keeping the laboratory notebooks, how the disclosure of invention is to be made in the patent application and how to draft a patent application.

## LAB NOTEBOOKS/LOG BOOKS/RECORD BOOKS

Laboratory Notebooks are the birthplace of inventions. Laboratory notebooks (also called a journal, inventor's notebook or log book) is used by inventors, scientists and engineers to record their invention process, experimental tests, ideas and results and observations. It is not a legal document but is valuable, if properly organized and maintained, since it can help establish dates of conception and reduction to practice<sup>1</sup>. An interference proceeding, also known as a priority contest is an inter-party proceeding to determine the priority issues of multiple patent applications. The information can improve the outcome of a patent or a patent contestation.

A patent grants its owner(s) the right to sue those who manufacture and market products or services that infringe on the claims declared in the patent. Typically, governments award patents on either a first to file or first to invent basis. Therefore, it is important to keep and maintain records that help establish who is first to invent a particular invention. Under U.S. law, a patent is granted to the first to conceive the idea for the invention, not the first to apply for the patent. So a laboratory notebook is essential evidence of the date of conception.

Laboratory notebook is a systematic device for recording all information related to an invention in such a way that it can be used as a key component to develop a case during a patent contestation or patent-related lawsuit.

When properly kept, the notebook is a valuable tool for the inventor since it provides a chronological record of an invention and its reduction to practice. Each entry must be signed and dated by a witness. The witness should not be someone with a conflict of interest (such as a research partner). If an inventor ever has to go to court to prove that he or she was the first to invent, then the witness would be called to the stand to testify that the signature is theirs and they signed that page on that date.

The importance of a well-kept laboratory notebook will not be news to those who work in a highly regulated environment, such as the pharmaceutical industry where regulatory bodies, require all aspects of research, development and manufacture of products to be fully documented for compliance with good laboratory and manufacturing practice. However, not all scientific environments expect such a high level of documentation and researchers in these areas have not always adhered to good laboratory notebook practice. There are many reasons to accurately record the date and details of the formation and development of your research, one of the most important being that a laboratory notebook can be vital in establishing patent rights, particularly in the United States (US), where a laboratory notebook may be admitted as evidence of inventive activity. Any laboratory notebooks relied upon as evidence will be subject to thorough inspection and, if not appropriately kept or witnessed, will be given little or no weight in establishing rights to a patent.

In most countries, we have a "first to file" system, which means that the right to the grant of a patent lies with the first person to file the patent application for protection of that invention, regardless of the date on which the invention was actually made.

In the US, there is a "first to invent" system. Under this system, priority of invention is awarded to the person who can establish that they made the invention first according to a relatively complex priority of invention calculation. Essentially, in this system, the act of invention is considered to comprise two steps: the "conception" of the invention and the "reduction to practice" of the invention. The conception of the invention has been described as the formation in the mind of the inventor of a definite and permanent idea or concept of invention as it is to be applied in practice. The reduction to practice of the invention can consist of either actual reduction to practice of the invention, which involves building, performing or testing the invention and checking that it works for its intended use, or constructive reduction to practice, which is the filing of a patent application.

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<sup>1</sup>. Under US Patent Law, the reduction to practice is a concept meaning the embodiment of the concept of an invention. The date of this embodiment is critical to the determination of priority between inventions in an interference proceeding



In the US, the question of who is the first to invent can arise during interference proceedings at the US Patent and Trademarks Office (USPTO). During interference proceedings a person can defeat another person's claim to an invention by establishing, through evidence, an earlier date of conception together with diligence<sup>1</sup> in reducing the invention to practice. Laboratory notebooks usually form part of the evidence, which can help establish the date of conception and diligence.

The lab notebook usually includes:

- descriptions of the invention and novel features
- procedures used in the building and testing of the invention
- drawings, photos, or sketches of the invention
- test results and conclusions
- discussions of any known prior-art references, and
- additional documentation, such as correspondence and purchase receipts

### **Methods of Invention Disclosure**

As already discussed, an invention is patentable if it meets three pre-requisites of patentability, namely novelty, inventive step, and capable of industrial applicability. While filing the application for a patent for any invention, inventors/applicants need to disclose the technical information pertinent to these three pre-requisites in a patent specification. The disclosure must be sufficient to enable an average skilled person to perform the invention.

There are two types of patent documents usually known as patent specification, namely - (i) Provisional Specification and (ii) Complete Specification.

### **Provisional Specification**

A provisional specification is usually filed to establish priority of the invention in case the disclosed invention is only at a conceptual stage and a delay is expected in submitting full and specific description of the invention. Although, a patent application accompanied with provisional specification does not confer any legal patent rights to the applicants, it is, however, a very important document to establish the earliest ownership of an invention. The provisional specification is a permanent and independent scientific cum legal document and no amendment is allowed in this. No patent is granted on the basis of a provisional specification. It has to be followed by a complete specification for obtaining a patent for the said invention. Complete specification must be submitted within 12 months of filing the provisional specification. This period can be extended by 3 months. It is not necessary to file an application with provisional specification before the complete specification. An application with complete specification can be filed right at the first instance.

A provisional patent specification is a preliminary application before filing a usual patent. It explains the invention in a broad manner but not completely. It is the document which may be filed before a Complete Specification in the Office of the Controller of Patents pertaining to a prospective patent.

It gets the word "provisional" in its name from being incomplete and a predecessor of a complete specification which comes later. Also, although it is not mandatory, it is highly recommended as it has a lot of benefits for the inventor.

## Why should an inventor file a Provisional Patent Specification?

### Earlier Patent Filing Date

On filing of the Provisional Patent Specification the inventor is entitled to an earlier filing date. This is key as it secures the priority date for the applicant. The benefits of this are numerous

- The fact that similar inventions which are filed after the filing date of the provisional cannot become prior art for the applicants invention.
- If any dispute regarding the ownership of the invention arises, the Patent Office will accept the provisional patent's earlier filing date as the date of filing.

### Cost Effective

1. The upfront cost of a Provisional Patent Specification is much lower than that of a complete patent application which saves thousands of rupees for the inventor in terms of professional fees.
2. Also, as it is technically more lucid (does not contain claims, prior art search and exhaustive and detailed drawings) as compared to the Complete Specification it costs less money and resources to prepare. Provisional Patent Specification can also be prepared by the inventor himself.

## Buffer time period to further develop claims based on industry research

When an invention is new, you will not know what to claim protection for. There is a pendency period of twelve months between the provisional patent specification and complete patent specification. This may be used for

- Researching on the invention regarding its value in the market and commercial viability
- Improving its features and making it technically more sophisticated.

## “Patent Pending” tag

Once the Provisional Patent Specification has been filed the inventor can legally use the tag “Patent Pending” or “Patent Applied” for his or her invention. This tag aids in obtaining funds as the credibility of the invention increases while the business model is being set up in the background. It can be used as a selling proposition.

## Scope of Abandonment (economical)

If the Applicant goes for a provisional specification and then realises that it is not commercially viable or chooses not to get a patent, he might abandon it. But if in the same scenario if he had gone for a complete specification he would have already spent a lot of money on it and the abandonment would have been expensive.

## Secrecy

As there is no publication of the patent application, the priority date is reserved by maintaining the secrecy. What should an inventor keep in mind while filing a Provisional Patent Specification?

An Applicant should remember the following things

1. It is not a **rough** draft of the Complete Patent Specification. Whereas it defines the scope of the invention and it is the Provisional Patent Specification on which the following Complete Specification and finally the grant of Patent will be based upon.

All the elements of the invention which are born during the 12 months between the Provisional Patent

Specification and Complete Patent Specification filing will not get the earlier priority date. Any addition/development to the invention after filing PROVISIONAL PATENT SPECIFICATION which is outside the scope which is set by provisional application **will not have the advantage** of priority date of provisional application.

2. The inventor/applicant should keep in mind that this is not the 'final' or 'conclusive' step towards securing a patent. It is the initial step in the procedure towards patent registration.
3. It has to be kept in mind that if the time period of twelve months within which the applicant has to file Complete Patent Specification is not adhered to then the patent application will be deemed to be 'abandoned'.
4. Although the confidentiality is maintained after the Provisional Patent Application, complete and adequate disclosures should be made in the Provisional Patent Application as incomplete applications will be disadvantageous for the applicant in the future and his scope of securing a patent may considerably reduce.
5. A rough set of claims should be designed even though they need not be a part of the Provisional Patent Application. This should be done in order to conceptualize the invention and understand the implications of the invention completely.

## COMPLETE SPECIFICATION

Submission of complete specification is necessary to obtain a patent. The contents of a complete specification would include the following:

- (1) Title of the invention.
- (2) Field to which the invention belongs.
- (3) Background of the invention including prior art giving drawbacks of the known inventions & practices.
- (4) Complete description of the invention along with experimental results.
- (5) Drawings etc. essential for understanding the invention.
- (6) Claims, which are statements, related to the invention on which legal proprietorship is being sought. Therefore the claims have to be drafted very carefully.

In order to obtain a patent, an applicant must fully and particularly describe the invention therein claimed in a complete specification. The disclosure of the invention in a complete specification must be such that a person skilled in the art may be able to perform the invention. This is possible only when an applicant discloses the invention fully and particularly including the best method of performing the invention. The Specification is a techno-legal document containing full scientific details of the invention and claims to the patent rights. The Specification, thus, forms a crucial part of the Patent Application. It is mandatory on the part of an applicant to disclose fully and particularly various features constituting the invention.

The relevance or say importance of the specification can be seen in the landmark judgement of the Supreme Court in the case of *Biswanath Prasad Radhey Shyam v. Hindustan Metal Industries*, where the court had made reference to *Arnold v. Bradbury*, to arrive at the principle that the proper way to construe a specification is not to read the claims first and then see what the full description of the invention is, accordingly the description of the invention needs to be read first, in order for the reader's mind may be prepared for what it is, that the invention is to be claimed and also for the patentee that he cannot claim more than he desires to patent. From the above discussed case, it is well understood that the specification is the important aspect of an invention. When the

meaning of a term in a claim is not clear, the description will be relied upon to understand the term in context of what is described in the specification. A complete specification in whole is important for an invention.

Essential components of a complete specification are description, claims, drawings, abstract and sequence listings, if any. All these essentials combine to form a complete specification. The goal behind the full disclosure of the invention in the specification part is that a person skilled in the art may be able to perform the invention or more preferably an ordinary person can be able to understand the invention upto maximum extent.

### Patent Abstract

- a. Every complete specification shall be accompanied by an abstract to provide technical information on the invention. The abstract shall commence with the title of the invention.
- b. The abstract shall be so drafted that it constitutes an efficient instrument for the purposes of searching in the particular technical field, in particular by making it possible to assess whether there is a need to consult the specification itself.
- c. The abstract shall contain a concise summary of the matter contained in the specification. The summary shall indicate clearly the technical field to which the invention belongs, technical problem to which the invention relates and the solution to the problem through the invention and principal use or uses of the invention. Where necessary, the abstract shall contain the chemical formula, which characterizes the invention.
- d. The abstract may not contain more than one hundred and fifty words. If the specification contains any drawing, the applicant shall indicate on the abstract the figure, or exceptionally, the figures of the drawings which may accompany the abstract when published. Each main feature mentioned in the abstract and illustrated by a drawing shall be followed by the reference sign used in that drawing.
- e. The Controller may amend the abstract for providing better information to third parties.

[A detailed discussion on Specification has been given in Study Lesson -5 on Patents.]

### Patent Application and its Contents

A patent application memorializes the agreement between the inventor and the government office that results in the issuance of a patent. Accordingly, a patent application is in many ways like a contract. Writing a high-quality patent application is important because it sets out in a clear fashion the terms by which the patent owner and others will be bound. In this sense, drafting a patent application is different from writing a scientific paper. As the patent document contains technical subject matter, it will also bear some similarities to a scientific or technical paper, although it does not usually need to rise to the level of a blueprint for making invention protected by the patent. The issued patent will be reviewed over the years by public officials such as patent examiners and judges and business partners. Thus, the patent application should be drafted with these important audiences in mind.

The parts of the patent application typically include the Background, Summary, Detailed Description and Drawings, Claims and Abstract. In reading a patent application:

- ▶ the Background section sets the stage for what is to come;
- ▶ the Summary section mirrors the claims;
- ▶ the Detailed Description and Drawings enable the claims by providing a sufficient technical disclosure of the invention;

- ▶ the Claims define the scope of exclusive protection; and
- ▶ the Abstract is primarily an aid for patent searchers and normally receives very little substantive review.

The drafting of patent application must be made in full and strict compliance with the patent law of the concerned jurisdiction. In India patent application is filed under provisions of the Patents Act of 1970 and the Patent Rules of 1972 as amended from time to time

### Contents of Patent Application

A patent application should contain:

1. Application for grant of patent in Form-1.
2. Applicant has to obtain a proof of right to file the application from the inventor. The Proof of Right is either an endorsement at the end of the Application Form-1 or a separate assignment.
3. Provisional / complete specification in Form-2.
4. Statement and undertaking under Section 8 in Form- 3, if applicable. An applicant must file Form 3 either along with the application or within 6 months from the date of application.
5. Declaration as to inventorship shall be filed in Form for Applications accompanying a Complete Specification or a Convention Application or a PCT Application designating India. However, the Controller may allow Form-5 to be filed within one month from the date of filing of application, if a request is made to the Controller in Form-4.
6. Power of authority in Form-26, if filed through a Patent Agent. In case a general power of authority has already been filed in another application, a self-attested copy of the same may be filed by the Agent. In case the original general power of authority has been filed in another jurisdiction, that fact may also be mentioned in the self-attested copy
7. Priority document is required in the following cases:
  - (a) Convention Application (under Paris Convention).
  - (b) PCT National Phase Application wherein requirements of Rule 17.1 (a or b) of regulations made under the PCT have not been fulfilled.

The priority document may be filed along with the application or before the expiry of eighteen months from the date of priority, so as to enable publication of the application. In case of a request for early publication, the priority document shall be filed before/along with such request.
8. Every application shall bear the Signature of the applicant or authorized person / Patent Agent along with name and date in the appropriate space provided in the forms.
9. The Specification shall be signed by the agent/applicant with date on the last page of the Specification. The drawing sheets should bear the signature of an applicant or his agent in the right hand bottom corner.
10. If the Application pertains to a biological material obtained from India, the applicant is required to submit the permission from the National Biodiversity Authority any time before the grant of the patent. However, it would be sufficient if the permission from the National Biodiversity Authority is submitted before the grant of the patent.
11. The Application form shall also indicate clearly the source of geographical origin of any biological

material used in the Specification, wherever applicable. [Section 7. Rule 8, 12, 13, 135. Also Section 6 of the Biological Diversity Act, 2002 & Rule 17.1 of Regulations made under the PCT]

### Writing of Patent Document

There is no specific format as to how to prepare a patent document. It is worth having the application professionally prepared. The patent professional assists the applicant by drafting the disclosure and claims, and preparing any necessary forms etc.

It is pertinent to mention that World Intellectual Property Organization (WIPO) has published a document titled WIPO Patent Drafting Manual. Under Part III of the said Manual, patent application preparation and filing has been discussed in detail. The same is briefly reproduced herein below for the information of the students.

### PREPARING PATENT APPLICATIONS

The first question a patent agent needs to have answered upon receiving a request to prepare a patent application is: how soon does this application need to be filed?

The World's patent laws all have strict requirements regarding when an application must be filed with respect to various events. These events can range anywhere from the first date of attempted commercial exploitation, the first date of export, and the first date of public disclosure. The patent agent needs to know:

- (1) Where does my client want to protect his invention?
- (2) Has something already happened that would impair the client's ability to protect the invention in the desired countries?
- (3) How soon does the client intend to do something that would jeopardize his ability to protect the invention in the desired countries?

Even if the patent agent has no time obstacles in his way, he should endeavor to complete the patent application as quickly as possible, as would be expected of any professional. A third party might file an application on the client's invention at any time, thus leaving the patent agent as the primary reason for his client not receiving a patent. Also, prior art might become available (e.g. an article might be published) that couldn't have been used against the client's application if the application had been filed earlier. However, the patent agent should know that his workload is typically driven by dates that are largely out of his control and he will frequently have to re-arrange his work schedule to accommodate unexpected time bar discoveries.

After filing the application, you create a file for the provisional patent application, containing a copy of everything you sent to the patent office including all the forms and copies of any checks for fee payment. The file also includes the original mail deposit receipt from the post office that has the date of deposit. Thus, if the patent office does not provide your patent application with the proper date of receipt, you have everything you will need to provide the proper filing date to the patent office – a date that is absolutely crucial in preserving your client's rights to obtain patent protection. It is essential to note that one day late is too late.

Patent agents must strive to protect their client's patent rights and sometimes protecting the applicant's rights involves simply making sure that critical dates are observed. If the patent agent above had forgotten to ask about possible bar dates or had not pressed the engineer for precise information, the patent agent might have returned to his office and spent the next two weeks drafting a beautiful legal document for an invention that could no longer be patented.

Finally, the patent agent must try to understand early if the applicant wants to file in foreign countries. In countries that are Member States of the Paris Convention, applicants have one year to file their patent application abroad

after the national filing date (or priority date). The filing of a PCT application also operates within the one-year time frame of the Paris Convention. The patent agent should docket the priority application's filing date, and check with the applicant well ahead of the anniversary date. Even when the applicant has initially indicated no interest in foreign filing he may change his mind in a year. Also, remember that the patent agent does not need to wait a full year before filing. The patent agent should also determine if the applicant is interested in obtaining protection in a non-Paris Convention country before filing the priority application. If the applicant is interested in a non-Paris Convention country, the patent agent needs to understand that country's specific priority rules. Non-Paris Convention countries can have very unique rules for inbound foreign applications. In some cases, the patent agent may even need to co-file the application in the non-Paris Convention country and in the inventor's home country at the same time in order to ensure patentability.

A patent agent will likely not be allowed directly to represent his client before foreign patent offices. Foreign associate attorneys will represent the client abroad. There are several models for interacting with foreign associate attorneys. In the "hands off" model the foreign associate sends official correspondence and provides information on local rules but takes little substantive action in the case. The patent agent who filed the original priority application makes all the major decisions. In the "hands on" model the foreign associate drafts proposed responses to office actions and forwards them to the patent agent for approval. The patent agent may use different models for different foreign associate attorneys, e.g. "hands on" in some countries, and "hands off" in others.

Article 2.1 of the TRIPS Agreement requires its signatories who are not Paris Convention signatories to honor certain provisions of the Paris Convention such as the one-year period for claiming priority. As noted elsewhere, the patent agent needs to verify the actual practice and procedural requirements being followed in countries of interest to his client.

The true and first inventor(s), his assignee, or their legal representative – can apply for patent with a provisional or a complete specification either themselves or through an agent by duly submitting the application form – at the appropriate office. In India, there are 4 offices, namely Delhi, Mumbai, Chennai & Kolkata and depending on the address of the applicant where he resides, has his domicile, or has a place of business or the place from where invention actually originated, the appropriate office is applicable.

In case of foreign applicants, who don't have domicile, place of business in India, place of business or address for service in India of the patent agent appointed by them is the determining factor for appropriate office. Specific state wise details can be accessed here: <http://ipindia.nic.in/ipr/patent/patjurid.htm>.

The date of first filing of a patent application is called the priority date. In the patent system of first to file, this date becomes important and if there are two patents/ patent applications with same/substantially similar subject matter, the earlier priority date patent application/patent survives the other. If filing has to be done in other countries, the priority of the initially filed application (parent application) -can be taken and filed in respective countries/regions. The subsequent applications shall have the same priority date as the parent application and are referred to as family members of the initial application and each other. The application process is generally similar but the format of application may differ from country to country and the applicant ordinarily cannot file without professional assistance of a patent agent or attorney in that country/region.

## 1. Obtaining Invention Disclosures from Inventors

A patent agent's clients will likely have different levels of sophistication with respect to their abilities to handle patent documents. Some clients may have fairly sophisticated administrative units that can provide completed invention disclosure packages to patent agents who then conduct a follow-up review as necessary. At the



opposite extreme are clients who have no IP infrastructure and require considerable guidance and assistance from the patent agent.

The patent agent will learn over time which approach offers the best results for different types of clients. For some clients, the patent agent may want to provide a blank Invention Disclosure Form and then allow inventor(s) to complete it on their own. For other clients the patent agent may want/need to obtain all his information about the invention via one or more interviews with the inventor(s). In any event, the patent agent should always attempt to have at least one meeting either in person or by telephone with the inventors. It is highly unlikely that an inventor will be able to supply a patent agent with enough material for the patent agent to have an unambiguous understanding of the invention without some sort of “live” meeting with the inventor. Similarly, it is unlikely that the inventor will understand the legal/background information being sought about his invention in the absence of a meeting with the patent agent.

In an ideal situation, the inventor will provide the patent agent with an Invention Disclosure Form and supporting documents well before the face-to-face meeting between them. The patent agent will review the disclosure materials and note any places where he has questions or where he believes additional disclosure would be helpful. During the meeting between the patent agent and the inventor, the patent agent verifies that he has a complete understanding of the invention, establishes that there is no additional disclosure information that he should also receive (or that he receives the additional disclosure material), determines the most commercially-significant aspects of the invention and confirms that there are either no pending bar dates or verifies the precise bar dates.

The patent agent should review the invention disclosure well prior to meeting with the inventor. This will ensure that the patent agent will have had sufficient time to identify all the parts of the invention disclosure that raise questions – both technical parts (e.g. “how does A function with B”?) and legal parts (e.g. “Who else could be an inventor?”).

## **2. Identifying Patentable Inventions**

In reviewing an invention disclosure and/or in speaking with an inventor the patent agent must keep focused on any/all patentable inventions described. Much of the text in an invention disclosure and/or discussions during the meeting with the inventor will probably not be about a purely patentable novelty but will include other non-patentable technical details. The patent agent should not be surprised to discover that quite often inventors do not know what they have invented, at least in “patentability” terms, as they often think in other terms such as “discoveries.” Thus, the patent agent will often be the one who articulates what constitutes a patentable invention.

## **3. Understanding the Invention**

The patent agent should never become the inventor but should strive to have the clearest grasp of the invention needed to obtain a patent with the broadest claims allowed by law. This means the patent agent must understand the invention well enough to draft claims describing the invention with the fewest possible limitations. In other words, the patent agent must understand the invention well enough to know what elements do not need to be recited in the broadest possible claim for the invention.

Understanding the invention also means that the patent agent understands it well enough to prepare a specification for a patent application that discloses all possibly patentable aspects of the invention and enough additional information so that a lay person skilled in the pertinent technical field can understand and make the object invented. Understanding the invention also means that the patent agent can receive a prior art description such as one used as the basis for a claim rejection by a patent office and be able to explain the differences

between the invention and the prior art and/or amend the pending claims to highlight these differences in a manner that minimizes the reduction in the scope of claim coverage.

The patent agent may discover that the inventor does not know the answer to all his questions. The inventor may be able to speculate about alternatives and in some instances may even have the time to conduct some additional research. The patent agent must make sure, however, that the specification discloses a working embodiment of the invention. Thus, if the inventor is uncertain about the answer to any of the patent agent's questions, the patent agent must use his best professional judgment as to how to deal with the uncertainty.

There may be gaps in the technical disclosure that the patent agent can fill but he should always confirm with the inventor that the substitute for any missing material is correct and within the spirit of the invention. The patent agent may assist the inventor in considering possible alternative embodiments for the invention. Often inventors create their inventions for a very specific purpose and have not really considered whether they could be applied to other areas.

## TYPICAL PARTS OF THE PATENT APPLICATION

Once a patent agent understands the invention he can begin preparing the patent application. The parts of the application are generally:

- claims
- detailed description (or specification)
- drawings
- background
- abstract
- summary

A patent agent will want to consider the patent application's title fairly early. This title should broadly describe the invention. However, titles are not generally examined. Occasionally a patent examiner will decide that a title is not descriptive of the invention. It is best to avoid being overly narrow in the invention's title, although the title should sufficiently indicate the subject matter of the invention.

A patent application as filed should also include the names of the inventors. The inventors should be named after the title, e.g. on the cover page. The patent application itself should also include all priority information, such as the identification of related applications. In the US, for example, priority information should be provided as the first sentence in the application. The patent agent may have other forms to complete that also provide the inventor's name and priority information but there is more certainty when this information is also included as part of the application itself.

Always remember who the audience will be for the patent application. The key audiences include judges and patent examiners. Of course, the patent agent's client and the inventor are also audiences; the patent agent must make sure the inventor understands his own patent application. Other potential audiences include competitors, infringers and investors. Many investors will often scrutinize a technology company's patent portfolio carefully before making an investment.

## 1. Claims

One of the first things to do is to prepare the claims for the invention. In fact, the patent agent may even want to sketch out the claims in the disclosure meeting with the inventor. This will often provide confirmation to the

patent agent that he has understood the invention. The patent agent may wish to use some sort of “picture claim” in the initial meeting with the inventor since inventors are often unfamiliar with patent claim language. For this reason, the patent agent should avoid using highly abstract language to describe the invention in the disclosure meeting with the inventor.

The majority of patent agents prepare several draft patent claims as their first step in writing a patent application. The claims are the legally-operative part of a patent application; everything revolves around the claims. If the claims are prepared before drafting the specification the patent agent will know which terms need to be described in the specification.

Because of the critical importance of claims, the patent agent should carefully revisit them after drafting the specification. This is because after writing the specification, the patent agent will likely come to an even better understanding of the invention. For example, he will now be in a better position to spot extraneous limitations in the claims that could prevent obtaining the broadest possible claim coverage. Similarly, after preparing the specification the patent agent may now see that the claims do not describe the invention as accurately as they could.

Once the claims are completed the patent agent needs to check the drawings and specification to verify that the claim terms have been appropriately described and disclosed.

A patent claim is indisputably the most important part of a patent specification. It defines the boundary of the patent. To break it down, a patent claim defines exactly what is claimed by the invention and therefore what is sought to be protected. It clearly lays down what the patent does and does not cover. Simply put, the extent of protection conferred by a patent is defined by the patent claims. A claim is usually expressed as a statement of technical facts expressed in legal terms, defining the scope of the invention sought to be protected.

### **Why is a patent claim so important?**

The preceding paragraph would have made the immense importance of a patent claim evident. A patent claim is that part of the specification, which after the patent is granted, tells third parties what they can and cannot do insofar as the invention is concerned. The exclusive right conferred by the grant of a patent is defined by a patent claim. Any mistake in drafting patent claims could result in an utterly useless patent. Only the patent claims define the scope of protection granted by a patent. The rest of the patent specification only helps explain the invention in detail. Claims define the contours of legal rights when the patent is granted. Section 10 (4) (c) of the Patents Act, 1970 states that every complete specification must end with a patent claim or patent claims that defines the scope of the invention for which protection is claimed.

### **How to draft a patent claim?**

There is no straightjacket formula for drafting a patent claim. Drafting patent claims depends on each invention. It depends on what protection the Applicant seeks to claim on that invention. Depending on the protection sought by the applicant the claim may be constructed in a broad or narrow manner in reference to existing prior art. However, care must be taken to ensure that the patent claims are neither too broad (it cannot include what the applicant has not invented) nor too narrow (where the applicant may lose out on a necessary protection). Given the difficult nature of drafting patent claims, it is clear that drafting expertise is required to draft proper patent claims. It is always better to engage professional services to draft a patent specification.

### **What are the types of patent claims?**

Essentially, claims are of two types: Independent claims and dependent claims.

#### ***Independent claims:***

They are ‘stand alone’ claims that do not bear reference to any other claim. It contains a preamble and all the elements necessary to define the invention. The first claim is usually an independent claim that sets the tone for the protection claimed by the invention. Independent claims are usually broader as compared to the dependent claims so as to prevent potential infringers from circumventing the independent claim in any which way.

Independent Claims may be of three types:

- A claim for a thing
- A claim for a method of making a thing
- A claim for a method of using a thing

***Dependent Claims:***

Dependent claims always bear reference to an earlier claim or independent claim and limit their scope. Dependent claims are therefore relatively narrow as they limit the scope of an earlier claim. Further, dependent claims refine the scope of protection sought for an invention. Additionally, it may contain additional non-essential features and even the minute aspects and optional features that are not described in the independent claim.

## 2. Detailed Description or Specification

The detailed description section, sometimes known as the “preferred embodiment of invention” section or the “disclosed embodiment of the invention” section breathes life into the claims and provides a sufficient explanation of the invention for an ordinary person skilled in the art to make and understand the invention.

In some jurisdictions the term “specification” is also used to refer to the description in addition to the summary and background sections of the application; suffice to say that “detailed description” and “specification” are generally the same for purposes of patent drafting.

The detailed description section must be closely tied to the drawings. This section cannot be substantively amended once the application has been filed. Consequently, the patent agent must make sure that the detailed description section provides an appropriate degree of technical disclosure on the day that the application is filed as he won’t have a second chance to alter this part of the application. The patent agent cannot amend his application to include new technical disclosure during prosecution.

Thus, a patent agent should take care that the patent application

- (1) reflects the disclosure material provided by the inventors;
- (2) provides sufficient information to enable an ordinary artisan to reproduce the invention; and
- (3) provides sufficient depth so that the claims can be narrowed during patent prosecution to avoid close prior art.

The patent agent must use his best judgment to balance his concerns about being under-inclusive in the specification section against including too much unclaimed subject matter in the application. In many patent systems, unclaimed subject matter in a patent application is considered to have been “dedicated to the public” by the inventor. Subject matter that is dedicated to the public is not patentable.

Similarly, if the patent application’s disclosure includes an unclaimed invention, the patent agent may wish to prepare claims for this invention. If necessary, the patent agent can include the claims for any previously unclaimed invention in either a divisional or continuation application as appropriate. The patent agent will want to make sure that his client has approved the filing of any divisional or continuation applications. As a general rule, the patent agent should consult his client on every substantive matter pertaining to the client’s pending

patent application.

In drafting the detailed description section, the patent agent will generally want to err on the side of inclusion for the reasons described above. The patent agent will also want to consider the “best mode” requirement that arises in jurisdictions such as the US and India. The patent application must disclose the best mode of carrying out the invention known to the inventors.

In drafting the specification, the patent agent should avoid using phrases such as “the invention is...” The patent agent should instead use phrases like “in an embodiment of the invention.” This will ensure that patent claims receive the broadest interpretation possible. Without limiting words to the contrary, the detailed description section is generally presumed to disclose “an embodiment” of the invention rather than the invention itself. However, if the patent agent forecloses this broader reading, the scope of the claimed invention may be similarly narrowed.

The patent agent need not include in the patent application well-known material that would be needed in order to make a product associated with the invention. A patent application does not need to be a blueprint and at least one court even stated that a patent should preferably “omit” things that are well-known in the art.

A patent specification filed in the US, for example, must satisfy the three requirements of enablement, written description and best mode. Most of the world’s patent laws have requirements identical or very similar to the enablement and written description requirements.

The “Enablement” requirement means that a patent application must teach ordinary persons skilled in the art how to make and use the invention. Enablement is usually viewed as of the filing date of the patent application. A patent application that is not enabled as of its filing date cannot become enabled by later technical innovations.

The patent agent must be very careful in his use of language in a patent application. The patent agent’s language choices will be important not only during patent prosecution but especially if/when the patent is litigated. The patent agent should be particularly careful in his use of words containing absolutes of any sort. Thus, the patent agent will want to make sure that if a patent application uses words like “must” and “always,” these words very precisely and accurately express the situation at hand.

The patent agent must always research and review the law and relevant rules pertaining to the country where he is seeking patent protection for his client. Many patent laws and rules are available online. For example, the WIPO website provides information about the Patent Cooperation Treaty and practical information relating to the filing of PCT applications; the EPO website provides information about filing and prosecuting applicants and the US Patent and Trademark Office website provides information about US patent laws and filing applications in the US.

### 3. Drawings

The patent agent must prepare good visual supporting materials that describe the invention. In fact, many patent agents would argue that the drawings are the most important part of the patent application after the claims. Some patent laws require that every claimed element be shown in a drawing. Where possible, the drawings should explain the invention in sufficient detail that reading the detailed description section merely confirms in words the information provided in the drawings. This will not be possible with all inventions. In preparing the drawings the patent agent should think of the story he wants to tell and how he wants to tell it. The patent agent should also think about the level of detail necessary to provide an enabling disclosure.

The elements shown in a patent’s drawings are typically accompanied by a short description in words and a reference number such as “clock 102.” The reader will expect to see “clock 102” in the accompanying text of

the detailed description section. The patent agent should use a consistent numbering scheme for the reference numbers.

The patent laws require that a patent applicant to furnish at least one patent drawing (sometimes referred to as a patent illustration) of the invention whenever the invention is capable of illustration by way of a drawing. Said another way, whenever a drawing would assist in the understanding of an invention one need at least one patent drawing. The easiest best way to create a better, strong application is to include many patent drawings.

#### **4. Background**

The use of background sections varies among the world's patent regimes. In some patent systems the background section serves to disclose to the public the closest prior art applied against the patent application during examination. This is the situation in most European systems. In some countries such as the US, the prior art submitted by the patent applicant, as well as the prior art found by the examiner, is printed on the cover of the patent itself.

The background section is typically considered prior art disclosed by the inventor. Consequently, if the applicant's own inventive disclosure ends up in the background section, the patent examiner may cite this section in the rejection of the applicant's claims. Some patent offices take a fairly hard line about inventive disclosures in background sections, which is one of the reasons why patent agents should draft them carefully.

A good background section should be fairly short and merely set the stage for the technical disclosure to be provided in the detailed description section. The background section could describe the prior art at a very high level. The background section may conclude with a short, crisp statement about the shortcomings of the prior art but this must be written in a manner that does not disclose the solution to be described later in the application.

#### **5. Abstract**

The patent abstract should describe the invention very clearly in the fewest possible words. The patent agent could use a version of the first paragraph of the summary of the invention section as the abstract.

#### **6. Summary**

As noted earlier, not all jurisdictions require a summary of the invention section. However, such sections are customarily prepared in many jurisdictions even when not strictly required by national law. The patent agent may find himself reviewing summary sections drafted by foreign patent agents working on his client's foreign counterpart patent applications. Consequently, the patent agent should understand the precise requirements and customary practice regarding a summary of the invention sections in the jurisdictions of interest to his clients.

Some patent agents prepare the summary of the invention section by taking each of the independent claims in the patent application and turning them into paragraphs. This approach also has an advantage that the precise words used in the claims will be guaranteed to be in the specification. Many patent agents simply draft the summary of the invention section in a manner that highlights the important aspects of the invention using words drawn from the application's claims.

The summary of the invention section should be one of the last parts of the patent application that the patent agent writes. In preparing the summary of the invention sections, avoid providing some sort of "big picture" summary that goes beyond the claims in any manner.

**LESSON ROUND UP**

- Laboratory Notebooks is used by inventors, scientists and engineers to record their invention process, experimental tests, ideas and results and observations. It is not a legal document but is of great value, if properly organized and maintained, since it can help establish dates of conception and reduction to practice.
- Typically, governments award patents on either a first to file or first to invent basis. Therefore, it is important to keep and maintain records that help establish who is first to invent a particular invention.
- While filing the application for a patent for any invention, inventors need to disclose the technical information sufficiently to enable an average skilled person to perform the invention.
- Writing a high-quality patent application is important because it sets out in a clear fashion the terms by which the patent owner and others will be bound. In this sense, drafting a patent application is different from writing a scientific paper.
- The parts of the patent application typically include the Background, Summary, Detailed Description and Drawings, Claims and Abstract. The drafting of patent application must be made in full and strict compliance with the patent law of the concerned jurisdiction. It is worth having the application professionally prepared.

**SELF TEST QUESTIONS**

*These are meant for re-capitulation only. Answers to these questions are not to be submitted for evaluation.*

1. What is a Laboratory Notebook? How is it significant in patent litigation?
2. The disclosure of an invention must be sufficient to enable an average skilled person to perform the invention. Explain the statement.
3. The patent agent should never become the inventor but should strive to have the clearest grasp of the invention needed to obtain a patent with the broadest claims allowed by law. Discuss.
4. Briefly explain the typical parts of a patent application

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# Lesson 8

## Process of Examination of Patent Application

### LESSON OUTLINE

- Introduction
- Publication of Patent Application
- Request for Examination
- Allocation of Application to Examiner for Examination
- Examination of Patent Application: Regulatory Regime
- Technical or Specialized Terms
- Scope of Claims
- Re-Issue and Re-Examination
- LESSON ROUND-UP
- SELF-TEST QUESTIONS

### LEARNING OBJECTIVES

Before the grant, a Patent has to undergo a strong filtering as to eligibility for the grant of the patent. This requires a structured examination of the patent as provides in the law of the land. The process which is exclusive of its own channel, is multi-stage process. For instance, The examination of a patent application by the Examiner and then subsequent processing by the Controller constitute one such filtering mechanism. In the Patent Office the invention as described in the specification is subjected to a comprehensive search in different databases to find out the appropriate prior arts for ascertaining novelty and inventiveness of an alleged invention during the process of examination as per provisions of the Act and Rules.

Henceforth, to apprise the students with the process and the examination of patent along with the ancillary procedures involved, chapter 8 aim at providing the detailed information on process of examination of patents along with the view point of judiciary in related matters.

## INTRODUCTION

The Patent system, as suggested before, creates exclusivity for a limited period to the owner of an invention. Such exclusivity, at a first glance, may appear to restrict competitiveness in the market. But the market loss, from this the barrier created by this exclusivity, is compensated by the entry of new technologies in the market accompanying therewith potential for further growth of industry. However, this dynamics may be seriously impaired by the bad patents granted to an undeserving invention. It is therefore obligatory that the exclusivity in the form of patent is granted to only such inventions which meet the criteria laid down under the Patents Act. Patents Act therefore, stipulates different benchmarks which need to be satisfied for an invention to become eligible for grant. For instance, Patents Act require that only those inventions should be allowed for grant which fulfil the criteria of novelty, inventive step, industrial applicability and other conditions for patentability.

In addition to that sufficiency of disclosure and support of the claims are extremely important parameters for the grant of the patent. Different filtering mechanisms are available in the Act so as to allow an invention to be patented and be maintained for its prescribed terms.

The examination of a patent application by the Examiner and then subsequent processing by the Controller constitute one such filtering mechanism. In the Patent Office the invention as described in the specification is subjected to a comprehensive search in different databases to find out the appropriate prior arts for ascertaining novelty and inventiveness of an alleged invention during the process of examination as per provisions of the Act and Rules.

Even though checks and balances in the form of pre- and post- grant oppositions, revocations or counter revocations in infringement suits are available, the examination system acts as a primary gate keeper of the patent system.

## PUBLICATION OF PATENT APPLICATION

Usually a patent application is published in the Official Patent Office Journal after the lapse of 18 months from the date of filing of the application or the priority claimed date, whichever is earlier. This publication includes all pertinent details related to the application. It includes the title, abstract, application number and name and address of the applicant. After this publication a patent application becomes open for public scrutiny.

An exciting concept of request for early patent publication is also available for the applicant. This can be done when the applicant wants his application to be published before the normal period of 18 months.

Early publication basically stands for making a patent public before the time of its normal publication. This could be of help, when one is planning to sell or license the patent or seek investor and related advantages. An early publication of an application is allowed as per Section 11(A)(2) of the Indian Patents Act, on payment of the prescribed fee.

Section 11(A)(2) of the Indian Patents Act mentions:

The applicant may, in the prescribed manner, request the Controller to publish his application at any time before the expiry of the period prescribed under sub-section (1) and subject to the provisions of sub-section (3), the Controller shall publish such application as soon as possible.

Once such a request is made, the patent office has to publish the application ordinarily within one month from the date of request for publication. The applicant may request controller for early publication of the patent application before the lapse of 18 months. Such a request has to be made on Form-9— request for early publication.

## REQUEST FOR EXAMINATION

The Patents Act, 1970 provides for examination of patent application only on filing of request for examination by the applicant or any other interested person [section 11 B]. This request can be filed on Form-18 with prescribed fee at any time within 48 months from the date of priority or from the date of filing of the application, whichever is earlier. The patent application is referred to the examiner strictly in order of the requests filed. The examiner to whom the application is referred for examination has to submit his report to the Controller ordinarily within a period of one month from such reference but not exceeding three months from such reference [Rule 24B (2)].

An **express request** for examination before expiry of 31 months can be made with respect of the applications filed under Patent Cooperation Treaty (PCT) known as National Phase applications by payment of the official fee. There is another provision of expedited examination, in which the patent applications which requested for expedited examination will be put in a queue separate from the patent applications for ordinary examination.

Ordinarily, within one month from the date of a request for examination, the Controller is required to refer the application to an examiner. Further, the examiner is then required to prepare the Examination Report within one month, but not exceeding three months from the date of reference for such examination by the Controller. On the other hand, upon a request for an **expedited examination**, the examiner will be required to give the Examination Report within one month, but not exceeding two months from the date of reference for examination by the Controller. The provision of expedited examination is available for startups and applicants who have included India, in their PCT application as an International Searching Authority (ISA) or International Preliminary Examining Authority (IPEA). Therefore, selecting India as ISA can be beneficial to expedite the grant process.

## ALLOCATION OF APPLICATION TO EXAMINER FOR EXAMINATION

Once the request for examination is received and the application has been published, the Controller shall refer the particular application to an examiner for conducting examination and search in accordance with section 12 and 13 of the Patents Act, 1970. Before such reference the controller has to take the following points into consideration. In order of filing of request: Reference of patent application shall be strictly in accordance with the sequential order of filing of the request for examination.

## EXAMINATION OF PATENT APPLICATION: REGULATORY REGIME

The examination of patent application is conducted in accordance with the provisions of section 121 of the Patents Act, 1970. After the patent application is filed and subsequent to the filing of the request for examination as well as the publication of the same, the Controller shall refer the application and the specification and other documents related thereto to an examiner for making a report to him in accordance with the provisions of the Act and the rules made there under.

The search needs to be conducted in accordance with section 132 of the patents Act, 1970. However, it is evident that section 12(1) [(a) to (d)] mandate applicability of the entire Patent Act and the Rules made there under for the purpose of examination of the patent application. The examiner has to submit the report of such examination to the Controller on the matters specified under therein accordingly.

## FORMAL EXAMINATION

The patent examination can broadly be classified in two distinct forms, the formality examination and the substantive examination.

The following steps are involved in the formal examination of patent applications

- To check whether the application, specification and other related documents are filed in duplicate in

prescribed forms or not.

- To check whether the applicant is entitled to apply for patent under section 6 of the Act.
- To check the jurisdiction of the applicant as specified under Rule 4(1)(i) of the Patents
- Rules to decide the Appropriate Office for processing of patent application. Jurisdiction is normally decided on the normal residential or domiciled address or place of business of the applicant or of the First Mentioned Applicant, in case of joint applicants or the place from where the invention actually originated
- To check the jurisdiction of the applicant who has no place of business or domicile in India. The address for service in India, as given by the applicant, is to be taken into consideration for deciding the Appropriate Office.
- To check whether the address for service has been provided in the application. If not, the
- Controller has no obligation to proceed further (Controller may take suo-moto decision in the matter) (Rule 5)
- To check whether any request has been made for post-dating of the provisional specification. Post-dating is allowed for a maximum period of 6 months (Sec-17(1)).
- To check whether the complete specification is filed within 12 months from the date of filing of provisional specification as specified in section 9(1) of the Act. The 12-month period for filing the complete specification after provisional specification is non-extensible.
- To check whether the complete specification is filed within 12 months from the earliest provisional specification when the same applicant has filed more than one provisional specifications in respect of inventions which are cognate or of which one is modification of the another and the whole of such inventions are such as to constitute a single invention (Sec -9(2)).
- To check whether the complete specification is filed within 12 months from the earlier complete specification filed which was treated as provisional specification under the provisions of section 9 (3) of the Act.
- It is to be noted that there is no provision for filing provisional specification or making a request to convert the complete specification to provisional specification in respect of the applications filed under convention and national phase entry via PCT system.
- To check whether a Power of Attorney or a General Power of Attorney in original has been filed and whether the patent agent is authorized to practice before the patent office on behalf of the applicant(s). Self-attested photocopy of a General Power of Attorney is also admissible provided, an indication to the earlier patent application with which the original GPA is attached, has been submitted.
- To check whether Declaration as to Inventorship (Form -5) has been filed along with the complete specification filed after filing provisional specification or along with the complete specification filed under convention application or along with the complete specification filed as PCTNP application under PCT route, as the case maybe.
- To check whether Proof of Right to make an application has been filed as specified in Section 7(2) of the Patents Act along with the application (even at the time of filing provisional application) except in the cases where the inventor(s) is(are) applicant(s) by himself(themselves).

- To check whether Form - 3 has been filed along with the patent application or within a period as specified under section 8 of the Patents Act.
- To check whether the application has been published under the provisions of Section 11A. If the application is published before the period of 18 months from the date of filing the application, a check has to be made whether the request in Form – 9 has been filed for early publication, along with the requisite fee and, whether the application has been published after taking Form – 9 on record.
- To make cross reference(s), if any, on the file covers of co-pending applications (cognate type, divisional and parent applications). The related applications shall be sent together physically to examiners.
- A check is to be made whether the request for examination (Form- 18) has been filed along with the requisite fee and by whom it was filed. If form 18 has been filed by a person other than the applicant it is to be examined whether that person is the 'person interested' as defined in Section 2(1)(t) of the Patents Act.
- It also needs to be checked as to how many priorities are claimed and whether the requisite fee has been paid or not.

Timelines of filing documents and RQs, Forms and fee, right to file, priority rights etc.

The timeline as provided in the Act and Rules has been suitably incorporated in Annexure-I.

### **Substantive Examination**

The examiners to whom the application is referred to under section 12 conduct examination of the patent application together with the complete specification and the other documents related therewith for making report in respect of matters as mentioned in section 12(1)[(a) to (d)] to the Controller. The examiner ascertains whether any lawful ground of objections exists to the grant of patent under the statute.

### **Examination Process in India**

The Process of examination starts with filing a request for examination. Unlike publication, this is not an automatic process. Only after receiving the Request for Examination (RFE) the controller transfers the patent application to the patent examiner. The request for examination has to be made within 48 months from the date of priority or filing whichever is earlier.

The patent examiner examines the patent application, and prepares the examination report on the basis of various patentability criteria like:

- Patentable subject matter;
- Novelty;
- Inventive step;
- Industrial application; and
- Specification Enablement

Other responsibilities of the patent examiner for examination of a patent application include:

- To conduct comprehensive investigation of an application and prepare a report under section 12;
- To conduct an inter-office search covering all four patent offices;
- To raise objections rather than comment on missing forms.

- The Examiner's report will: Be a permanent part of a file's note sheet and non-editable at the Controller's end; Include a draft summary/gist of objections-this gist editable at Controller's end; Include any amendments to the complete specification;

### Who can file the Request for Examination in India and How?

In India a request for patent examination (RFE) may be filed by:

- the patent applicant of the patent application or
- by any other interested person

Request of Examination is filed by filling **Form 18**. The interested person (third party) has to submit appropriate evidence of his interest in the particular patent application.

Form-18 has to be filed, specifying the details of the patent applicant or other interested person, application number, title, date of filing and publication date along with the prescribed fees.

It is very significant to follow the patent office timelines. Otherwise it is advisable to file the request for examination, while filing patent application.

For a national phase application /PCT international application entering India it is advised to file an express request for patent examination before the expiry of 31 months.

### First Examination Report under the Patent Act

Once the patent application is examined, the Patent office issues an examination report to the patent applicant which is generally known as First Examination Report (FER). The examiner submits this to the controller. It usually contains prior arts similar to claimed invention. Prior art here means existing documents before the date of filing, similar to claimed invention. It need not be commercially available. It is just evidence which proves that the claimed invention is already known

The Applicant should reply the objections (if any) and place the application in order for grant within 12 months from the date of issue of the FER (First Examination Report). In this case too, if the reply to the examination report is not made within prescribed time limit, which is 12 months, the application is deemed to be abandoned.

### Understanding the invention

The Complete Specification describing the invention is a techno-legal document. It should fully and particularly describe the invention and the method by which it is to be performed i.e. the description of the method or the instructions for the working of the invention as contained in the complete specification are by themselves sufficient, full and particular to enable a person in India possessing average skill in, and average knowledge of, the art to which the invention relates, to work the invention. It is also essential that the best method for performing the invention, which is known to the applicant is disclosed in the Complete Specification [Section (10)(4)].

If the applicant mentions biological material in the invention and it is not possible to describe the same in the complete specification in the manner described in clauses (a) and (b) of section 10(4), and if such material is not available to public, the requirement of sufficiency of disclosure shall be completed by depositing such material in an International Depository Authority under the Budapest Treaty. The same shall be deposited not later than the date of filing, however, the reference number to the deposit shall be made in the specification within 3 months from the date of filing the application.

The complete specification shall contain the details of such deposition and the source and geographical origin

of the biological material.

The technical advance, synergistic effect and efficacy of the claimed invention must be substantiated properly in the body of specification as well as by way of suitable examples.

### Sufficiency of Disclosure

In *Press Metal Corporation Limited V. Noshir Sorabji Pochkhanawalla* (1982 PTC 259 (Bom)), it was held that – “It is the duty of a patentee to state clearly and distinctly the nature and limits of what he claims. If the language used by the patentee is obscure and ambiguous, no patent can be granted, and it is immaterial whether the obscurity in the language is due to design or carelessness or want of skill. It is undoubtedly true that the language used in describing an invention would depend upon the class of person versed in the art and who intend to act upon the specifications. In the present case, the invention is described in an obscure and ambiguous language, and on this ground, the patent is liable to be refused”.

Also the applicant is required to disclose the source and geographical origin of such materials as used in the invention, subject to provisions of section 10(4). For details please refer to the guidelines on biotech and Traditional Knowledge.

The description should not contain passages which confuse the scope of the invention.

Where particular description or drawings do not exemplify the invention claimed, for example, where they are included by way of explaining the invention or for comparison or where they relate to prior art, the description should make this clear.

### Technical or Specialized Terms

The description should be as clear and straightforward as possible, with the avoidance of unnecessary technical jargon. Since it is addressed to persons skilled in the art, it will be desirable that for its use by him the technical terms which are well known in that art should be used. Little known or specially formulated technical terms may be used provided they are adequately defined and that there is no generally recognized equivalent.

Foreign terms may be used only where there is no English equivalent.

Terms already having an established meaning should not be used differently, if this is likely to cause confusion. But in some circumstances it may be appropriate for a term to be borrowed from an analogous art.

The use of proper names or similar words to refer to materials or articles is undesirable in so far as such words merely denote origin, or where they may relate to a range of different products. The product should be sufficiently identified, without reliance on the word, to enable the invention to be carried out by the skilled person. Such words which have generally accepted meanings as standard descriptive terms may however be used without further explanation; examples are Bowden cable, Belleville washer, zipfastener.

A trade name or mark should not be used in a specification since it is an indication of origin rather than of composition or content and on that account cannot properly be used to describe an article. If a registered trade mark is used it should generally be accompanied by wording showing that it is a trade mark, since its use as a descriptive term without acknowledgement may be prejudicial to the rights of its owner.

### Understanding the scope of claims

Claims are considered to be the most important part of the patent document. In a complete specification the description is followed by the Statement of Claims which defines the boundary of the protection intended to by the applicant. Since the claims constitute the legal part for claiming the protection of the patent rights, it is



imperative that the claims should be examined thoroughly to ensure that they are limited to the features which constitute the invention. It is expected that the claims are drafted to cover all the aspects of the protection being sought.

The following points may be observed while examining the claims:

- (a) A claim is the statement of technical facts expressed in legal terms defining the scope of the invention sought to be protected. Claims define the boundaries of legal protection sought by the patentee and form a protective fence around the invention which is defined by the words and phrases in the claims. What is not claimed in the 'claims' stands disclaimed, and falls open to the public domain, even if the matter is disclosed in the description.
- (b) Each claim should be in a single sentence and should be clearly worded
- (c) Claim(s) should be clear, succinct and should not involve unnecessary repetition and claim(s) should not be verbose.
- (d) Each claim is evaluated on its own merit and, therefore, if one of the claims is objected, it does not mean that the rest of the claims are invalid. It is therefore important to make claims on all of the invention to ensure that the applicant gets the widest possible protection.

## SCOPE OF CLAIMS

As the value of a patent depends largely upon the scope of the claims, special care is necessary to ensure that the claims are not allowed to include either more or less than what the applicant desires to protect by his patent and must be fairly based on the matter disclosed in the specification. Therefore, claims must not be too extensive so as to embrace more than what the applicant has disclosed in the complete specification. A claim, which is too wide, may encroach upon the subject matter, which may be in public domain or belong to others.

Passages which confuse the scope of the invention or claims that are unspecific (e.g. those claiming "Any novel matter..." ) is prejudicial to clarity of claims.

A claim shall be for the protection of either a product or process or apparatus or all of them, as the case may be, and shall be in one sentence according to the standard practice.

## Attributes of claims

- (a) The description of invention in the complete specification is to be followed by a "statement of claims" proceeded by the prescribed preamble, "I or we claim" as the case maybe.
- (b) Claims should start from a fresh page after full description of the invention with the claims serially numbered.
- (c) There is no restriction to the number of claims to be incorporated in the specification. But the applicant has to pay additional fee, if there are more than ten claims. (See the First Schedule)
- (d) A claim (s) of a complete specification shall relate to a single invention, or to a group of inventions linked so as to form a single inventive concept and, shall be clear and succinct and fairly based on the matter disclosed in the specification (section 10(5)).
- (e) A claim must be clear, complete and fully supported by description. A claim must be clear in the sense that it should not cause the reader to speculate about the scope of the claim. For example, if the words like "thin", "strong", "a major part", "such as", "when required" or "any" are used, then it forces the reader to make a subjective judgment and not an objective observation, unless such expression follows any

definite values.

- (f) A claim must be specific and not vague, ambiguous, speculative or hypothetical in nature. Each claim should be complete so that it covers the inventive feature and enough elements around it to put the invention in the proper context.
- (g) Trade marks / Trade names are not permitted in claims.

### Structure of Claims

(a) A claim usually consists of three parts:

- Introductory phrase,
- Body of the claim, and
- Link that joins the two segments.

(b) The introductory phrase identifies the category of the invention and sometimes the purpose (For example, a machine for waxing paper, a composition for fertilizing soil).

(c) The body of the claim is the specific legal description of the exact invention, which is sought to be protected.

(d) The linking consists of words and phrases such as:

- Which comprises
- Including
- Consisting of
- consisting essentially of

**For Example:** In the following example, “A data input device” is the introductory phrase, “comprising” is the linking word, and the rest of the claim is the body. “A data input device comprising; an input surface adapted to be locally exposed to a pressure or pressure force, a sensor means disposed below the input surface for detecting the position of the pressure or pressure force on the input surface and for outputting an output signal representing said position and; an evaluating means for evaluating the output signal of the sensor means.”

(e) If the invention is an improvement to an existing product, the claims should set the boundary very clearly by characterizing the invention with respect to the prior art. In those cases, the claim will have two parts separated by the word ‘characterized by’ or ‘wherein’. The part coming before ‘characterized by’ is the prior art while that comes after will be the features of the invention. It is equally applicable in the case of a process which is modification of the existing process. f) Structure of Claims should be on the following lines:

- i. **Independent Claim:** This is the first claim which is also called the ‘Principal Claim’ should clearly define the essential novel features of the most preferred embodiment of the process, apparatus, device or the product that constitutes the invention and should be properly characterized with respect to the ‘prior art’, defining all the technical features essential to the invention or inventive concept. This should include the core integers as well as sufficient details of interrelationship, operation or utility to establish that the invention achieves the intended objectives and
- ii. **Dependent Claim(s):** Dependent claims should be clubbed with the independent claims (or within themselves) to include all the features of the independent claim with additional non-essential features and even the minute aspects and optional features.

- iii. Further independent claims are only justified where the inventive concept covers more than one category, e.g. apparatus, process, product, complementary versions within one category constituting unity of invention, e.g. plug and socket, transmitter and receiver, which work only together. Therefore, wherever possible, claims should not contain:--
- Multiple unrelated inventions
  - Dependent claims that are not fully limited by the terms of the preceding independent claim, e.g. dependent claims which omit or substitute a feature of an independent claim.

Certain statements are not to be regarded as claims:

- i) The statements of the following form given are not to be regarded as claims, in as much as, they do not define the invention:-
- a. I claim to be the inventor of this appliance,
  - b. I claim a patent and that no one else shall use my invention without leave.
  - c. I claim that the machine described above is quite new and has never been seen or used before.
  - d. I claim some reward.
- ii) Also, the claims should not be made, as in the examples given below, for illustrating the efficiency or advantages of the invention:-
- a. I claim that this device is better and cheaper and more effectual than anything known.
  - b. I claim that my process or machine will do such and such things.
  - c. I claim the following advantages.
  - d. I claim an improved sewing machine.
  - e. I claim a mechanism for converting heat into electrical energy without any loss of efficiency.
  - f. I claim a new method of making silk waterproof.
- iii) Where products are claimed, the invention will not be properly defined if merely the properties of the products are referred to, as in the following example:-
- “I claim lubricating oil which is of specific gravity.... and boiling point.”
- iv) The claims, such as “I claim an improved sewing machine as described or as illustrated” or “I claim the invention described in the specification”, which merely refer back to the description are not sufficiently definitive.

### Claim Arrangement & Numbering

Claims should preferably be arranged in order of scope so that the first claim presented is the broadest (i.e., least restrictive). All dependent claims should be grouped together with the claim or claims to which they refer to the extent practicable. Similarly, product and process claims should be separately grouped. Such arrangements are for the purpose of facilitating classification and examination. Failure to arrange claims in the desired sequence is certainly not fatal. The examiner who sees an inappropriate arrangement will issue an objection. Objections are issued as to form and do not relate to the substantive patentability requirements.

The refusal to grant claims because the subject matter as claimed is considered unpatentable is called a “rejection.” If the form of the claim (as distinguished from its substance) is improper, an “objection” is made. The

practical difference between a rejection and an objection is that a rejection, involving the merits of the claim, is subject to review by the Patent Trial and Appeals Board, while an objection, if persistent, may be reviewed only by way of petition to the Commissioner. If the rejection and objection are for the same reason an appeal can be taken to the Board.

### **Independent Claims**

An independent claim is a stand alone claim that contains a preamble and all of the elements necessary to define the invention. There are three types of independent claims: (1) a claim for a “thing,” such as a composition of matter, machine, apparatus or device; (2) a claim for a method of making a “thing”; and (3) a claim for a method of using a “thing.”

### **Dependent Claims**

Claims that refer back to and further limit another claim are called dependent claims. Dependent claims incorporate by reference each of the limitations of the claim from which they depend. Because dependent claims incorporate by reference each of the limitations of the claims from which they depend they are easy to write. Additionally, dependent claims are used in every application because additional fees are charged by the Patent Office if the application has more than three independent claims. Most patent applications have few independent claims and many dependent claims.

It is important to remember that dependent claims must further limit the claim from which they depend. This is most frequently accomplished by claiming a more narrow range (where appropriate) or by the addition of more elements. Claims written in dependent form that broaden the scope of the claim from which they depend are considered to be in improper dependent form, which should result in an objection.

### **Single Inventive Concept**

Section 10(5) mandates that the claim/ claims of the complete specification shall relate to a single invention, or to a group of inventions linked so as to form a single inventive concept. The Manual of Patent Office Practice and Procedure, of year 2016 allows that there may be more than one independent claim in a single application if the claims fall under a single inventive concept. In the Manual, it has been advised “While there is no restriction as to the number of claims, including independent claims, it is advisable to limit the number of claims, as well as the number of independent claims in a single application so that the claims are linked so as to form a single inventive concept. If claims relate to a plurality of distinct inventions, it may be objected on ground of lack of unity of invention”.

In other words when there is a group of inventions in a specification they should be linked by a single concept which is inventive or there should be a technical relationship among the claimed inventions, which makes the inventive contribution over the prior art. To fulfil the requirement of unity of invention each claim of a complete specification should share a single common technical relationship which is inventive.

The single common technical relationship which is inventive is called the “special technical feature”. This determination should be done on the content of the claims supported by the description in the light of the prior art.

Unity of invention is present only when there is a “technical relationship” among the claimed inventions involving one or more of the same or corresponding “special technical features.” The expression “special technical features” means those technical features that define a contribution which each of the claimed inventions, considered as a whole, makes over the prior art. The determination whether a group of inventions is so linked as to form a single inventive concept is made without regard to whether the inventions are claimed in separate

claims or as alternatives within a single claim.

- Lack of unity may be evident in an application in the following ways:
- ‘A priori’, i.e., before consideration of prior art, if the claims falling in different groups
- do not share a same or corresponding technical feature.
- ‘A posteriori’, i.e., after a search of the prior art, if the shared technical feature fails to
- make a inventive contribution over the prior art.

Lack of unity of invention may be directly evident “a priori,” that is, before considering the claims in relation to any prior art, or may only become apparent “a posteriori,” that is, after taking the prior art into consideration.

**For example**, independent claims to A + X, A + Y, X + Y can be said to lack unity a priori as there is no subject matter common to all claims. In the case of independent claims to A + X and A + Y, unity of invention is present a priori as A is common to both claims.

However, if it can be established that A is known, there is lack of unity a posteriori, since A (be it a single feature or a group of features) is not a technical feature that defines a contribution over the prior art.

### Examples

A single inventive concept may be recognized between independent claims of different categories as in the following examples:

- (a) A claim for a product and claim for a process specially adapted for manufacture of the product;
- (b) A claim for a process and claim for an apparatus or means specifically designed for carrying out the process;
- (c) A claim for a product, claim for a process specially adapted for manufacture of the product and claim for an apparatus or means specifically designed for carrying out the process. However, the above criteria cannot be generalized and there may be occasions where all such claims may not be allowed in a single application based on the circumstances of the case;
- (d) Unity between product and process claims requires that the process inherently results in the product when the novel product is obtained by the claimed process;
- (e) Unity between process and apparatus or means requires that the apparatus or means have been specifically designed for carrying the process, or at least a step of the process, but without excluding any other possible use.

In the above examples product is considered as the special technical feature however if it is not novel, inventive over the prior art the product, process and apparatus cannot coexist in a single patent application, failing the Single inventive criterion.

- (f) Single inventive concept is permitted if the invention cannot readily be covered by a single generic claim.

## PATENTABILITY CRITERION NOVELTY, INVENTIVE STEP, INDUSTRIAL APPLICABILITY

### Novelty of Invention

An invention is considered new (novel) if it has not been anticipated by publication in any document anywhere in the world, or prior claimed in an application for patent in India, or form part of the knowledge, oral or otherwise,

available within any local or indigenous community in India or elsewhere, or used; before the date of filing of patent application or date of priority, whichever is earlier, that is, the subject matter has not fallen in the public domain or that it does not form part of the state of the art.

Followings are the general principles relating assessment of Novelty:

- a) An invention is considered as new if it is not anticipated by prior publication, prior use or prior public knowledge. An invention is new (novel) if it has not been disclosed in the prior art, where the prior art means everything that has been published, presented or otherwise disclosed to the public before the date of filing of complete specification.
- b) For the purpose of determining novelty, an application for Patent filed at the Indian Patent Office before the date of filing of complete specification of a later filed application but published after the same is considered for the purposes of prior claiming.
- c) While ascertaining novelty, the Examiner takes into consideration, inter alia, the following documents:
  - Which have been published before the date of filing of complete specification.
  - Such Indian Patent Applications which have been filed before the date of filing of complete specification and published on or after the date of filing of the complete specification, but claims the same subject matter.
  - Also the Examiner may consider such documents which have been published before in a transaction of a learned society or exhibited before in an authorized manner as designated by the Government within one year from the date of such filing.
- d) A prior art will be considered as anticipatory if all the features of the invention under examination are present in the cited prior art.
- e) The prior art should disclose the invention either in explicit or implicit manner.
- f) Mosaicking of prior art documents is not followed in the determination of novelty.
- g) A generic disclosure in the prior art may not necessarily take away the novelty of a specific disclosure.
- h) A specific disclosure in the prior art takes away the novelty of a generic disclosure.
- i) In a case where a prior art is cited as an anticipation in the Examination Report, which is not deemed to be an anticipation by reason on Section 29-34, the onus of proving is on the applicant.

### **Illustrative Cases**

1. An invention relating to preventing knocking signals in which the metering system in an engine is designed to meter the quantity of the air-fuel mixture to be supplied depending on the signal indicating which fuel is currently in operation wherein the metering system is designed to reduce injection of fresh air by a butterfly valve located in the fresh air supply line or secondary pressure of a charger or compressor located in the fresh air supply line is anticipated by a document in which suction air quantity is restricted by making the upper value of a throttle valve opening to accelerator automatically smaller when it is so judged that knocking is in such a condition as liable to occur in case of using low octane rating fuel or the like.

2. An invention relating to a trailing arm with anti-roll bar suspension system for transferring lesser shocking forces to the chassis to improve the comfort of passenger and rider by having forward portions secured to brackets at first pivotal connections by threaded fasteners and anti roll bar consisting of tubes and reinforcement tubes welded to the trailing arm is anticipated by a document in which forward portion is pivotally supported by

the frame and secured to brackets at first pivotal connections by threaded fasteners & also disclosing an anti roll bar consisting of tubes and reinforcement tubes welded to trailing arm through anti roll bar support plate.

3. In the matter of *M/s. Crompton Greaves Ltd. Mumbai v. M/s. Bharat Heavy Electricals Ltd.* Hyderabad, on patent application No.221/BOM/96 (184657), it was held by the Controller that the ground that the invention was publicly known or publicly used in India was not established by the opponent since the photo copies submitted by the opponent stated mainly the terms and conditions of a contract to supply 3900 KVA and 5400 KVA traction transformers. The photocopies of work order did not define any constructional features of the traction transformer. A mere statement by the opponent company that they are the first in the field of manufacturing alone can not stop the applicant company from obtaining a patent unless the opponents establish that they were manufacturing an identical product before the date of filing.

4. In the case of *Monsanto company v. Coramandal Indag Products (P) Ltd.* (1986) (1 SCC 642: AIR 1986 712: 1986 PTC 195 SC) it was held that the invention was publicly known since its formula was published in the report of the International Rice Research Institute in the year 1968 and its common name But achlor was published in the same report in the year 1969.

### Prior Public Use

Prior public use of the invention before the date of filing of application destroys the novelty of the invention. However, there is an exception to this general rule. The Act provides that if an invention has been publicly worked in India within one year before the priority date by the patentee or applicant for the patent or by any third person from whom he derives the title or by the person who has obtained a consent to work the invention and such working of invention was only for the purpose of reasonable trial and it was necessary to effect such trial or working in public in view of the nature of the invention then such working of invention does not anticipate the invention (Section 32).

Lack of novelty is usually referred to as 'anticipation' and is determined by factors such as prior publication, public knowledge and public use, commercialised products and selection inventions. While anticipation is not expressly defined in the Patent Act, Sections 29 to 34 identify what anticipation is not. When testing for anticipation, if a prior art exists (ie, if the prior art describes something falling within the scope of an alleged claim) then, if by studying the prior art the claimed invention can be performed, the claim would be considered to be anticipated. It may be unnecessary to repeat the prior art test, but expert opinion may be considered in order to identify anticipation better using relevant expertise. It can also be identified by showing the predictable result as the outcome of what is described in the prior art, regardless of whether it would be a product or process falling within the scope of the claim. In India, a patent application is considered to be anticipated if the invention is disclosed in a patent or any other document which is published before the priority date of the application. However, if the inventor proves that the matter published was obtained fraudulently and was published without his or her consent, then it may not be considered to be anticipated. The concept for identifying prior publication was established in *Farbwerke Hoechst Aktiengesellschaft Vormals Meister Lucius v. Unichem Laboratories*, wherein the court held as follows:

*"to anticipate a patent, a prior publication or activity must contain the whole of the invention impugned; i.e., all the features by which the particular claim attacked is limited. In other words, the anticipation must be such as to describe, or be an infringement of the claim attacked."*

Likewise, in *Lallubhai Chakubhai Jariwala v Chimanlal Chunilal and Co* the court observed that:

*"the two features necessary to the validity of a patent are novelty and utility, but the real test is the novelty of the invention. Novelty is essential, for otherwise there would be no benefit given to the public and consequently*



*no consideration moving from the patentee [while interpreting the factor related to public knowledge and public use.]”*

The court further held as follows:

*“The next question is, whether the plaintiff’s invention has been anticipated by prior public user. Has it been publicly used by the plaintiff and/or by others before the date of the application? Public user does not mean a user or exercise of the invention by the public, but a user or exercise in a public manner; and it is in every case a question of fact. If the invention is being put into practice before and at the date of the grant, the grant will not be for a new invention or manufacture, and this applies equally whether the invention is being practised by the patentee himself or by others. A use of the invention for the purposes of trade may constitute a prior user which invalidates the patent, and it has been held that the prior public sale of goods or articles treated according to the invention is a public user of the invention, for the sale is strong evidence that the user was really commercial and not experimental.”*

In case of a prior disclosure by the inventor, the Patents Act provides a one-year grace period for filing a patent application if the invention has been described in front of a learned society or published during the transactions of such learned society. The grace period is also available for conducting reasonable trials such as data generation for regulatory approval; it is not available where an invention is being sold or commercially worked in India. However, any use or publication of an invention after filing a provisional patent application in India will not be considered anticipation. Similarly, the grounds relating to public display (Sections 31(a), 31(b) and 31(c)), public working (Section 32) and traditional knowledge (Section 3(p)) are major considerations when determining novelty. An invention can also be anticipated by knowledge, either oral or in any other form existing in a local or indigenous community in India or elsewhere.

The general factors considered for anticipation assessment may be relevant in selection invention cases. In selection inventions, the selection of specific dimensions, ranges of values or parameters within (prior) larger areas based on new characteristics and unknown properties are considered to be invention. While the Indian Patent Office (IPO) does not expressly state that selection patents are unpatentable in India, a combined reading of Sections 3(d) and 2(1)(ja) appear to have a strict standard regarding patentability of selection invention.

### **Illustrative Cases:**

1. In *Lallubhai Chakubhai v. Chimanlal Chunilal & Co.* A.I.R., 1936 Bom. 99, it was held that public user did not mean a user by the public but a user in a public manner. It was further held that the use of an invention for purposes of trade, whether by the inventor himself or by others, would constitute public user of the invention. It was also held that public sale of articles is strong evidence that the user is commercial and not experimental. But to constitute evidence of public user, the sale must be open and in the ordinary way of business.

2. In *Lallubhai Chakubhai v. Shamaldas Sankalchand* A.I.R., 1934. Bom. 407, it was held that if an article manufactured under a secret process is of such a character that anybody by examining it can find out the secret of that manufacture, then the sale of that article in public would amount to public user of the process. It was also held that secret use of an invention by the inventor himself for experimental purposes or the manufacture of an invention for the inventor by a manufacturer, who is under injunction to keep the invention secret, will not make the patent invalid.

3. In *Monsanto Co. v. Coromandel Indag Products (P) Ltd.* 1986 A.I.R. 712, it was held that “to satisfy the requirement of being publicly known as used in clauses (e) and (f) of section 64(1), it is not necessary that it should widely be used to the knowledge of the consumer public. It is sufficient if it is known to the persons who are engaged in the pursuit of knowledge of the patented product or process either as men of science or men of

commerce or consumers.”

### Prior Claiming

Section 13 - Search for anticipation by previous publication and by prior claim-

- (1) The examiner to whom an application for a patent is referred under section 12 shall make investigation for the purpose of ascertaining whether the invention so far as claimed in any claim of the complete specification

... (b) is claimed in any claim of any other complete specification published on or after the date of filing of the applicant's complete specification, being a specification filed in pursuance of an application for a patent made in India and dated before or claiming the priority date earlier than that date.

In order to prove prior claiming of the invention, compliance with the following conditions is examined:

- (i) That the application 'X' where the invention has been claimed in a claim prior to the application 'Y' claiming alleged invention, has been filed in India
- (ii) The application 'X' must have been filed or claiming a priority earlier to the priority date of application 'Y' in question
- (iii) The application 'X' should have been published on or after the date of application ('Y') in question.

In the matter of application for patent No. 123140, *Centron Industrial Alliance Private Limited v. Harbans Lal Malhotra and Sons Private limited*, [DPD, Vol.1, p 133], in the Controller held that the later application (filed on 15th September, 1969) claiming a method of manufacturing superior quality blades of razors and like instruments which consists atomic or molecular deposition in vacuum of a thin film of particles of a corrosion resistant material on the cutting edge or edges of the blades of the said instruments and thereafter coating the said blade with polytetrafluoroethylene. The claimed method is anticipated by prior claiming in an earlier application (filed on 14th March, 1969) claiming a method of manufacturing, superior quality blades of razors and like instruments defined, which included coating the blades with polytetrafluoroethylene, characterized in that the said method consisted of atomic or molecular deposition in vacuum of a thin film of particles of a corrosion resistant material on the cutting edge or edges of the blades of the said instruments before coating the said blades with said polytetrafluoroethylene.

### Inventive Step

Inventive step is decided in accordance with the provisions of section 2(1)(ja) of the Indian Patents Act, 1970.

As per 2(1)(ja), “inventive step” means a feature of an invention that involves technical advance as compared to the existing knowledge or having economic significance or both and that makes the invention not obvious to a person skilled in the art.

The Intellectual Property Appellate Board on inventive step and exclusions:

*“When the patentee explains that there is an inventive step which is a technical advance compared to the existing knowledge (state-of-the-art) or that it has economic significance that would not give him the right to a patent as such. “The inventive step’ must be a feature which is not an excluded subject itself. Otherwise, the patentee by citing economic significance or technical advance in relation to any of the excluded subjects can insist upon grant of patent thereto. Therefore, this technical advance comparison should be done with the subject matter of invention and it should be found it is not related to any of the excluded subjects.”*

Hon'ble Supreme Court of India on inventive step:

In *Biswanath Prasad Radhey Shyam vs Hindustan Metal Industries Ltd.*, it was held that “The expression “does not involve any inventive step” used in Section 26(1)(a) of the Act and its equivalent word “obvious”, have acquired special significance in the terminology of Patent Law. The ‘obviousness’ has to be strictly and objectively judged. For this determination several forms of the question have been suggested. The one suggested by Salmond L. J. in *Rado v. John Tye & Son Ltd.* is apposite. It is: “Whether the alleged discovery lies so much out of the Track of what was known before as not naturally to suggest itself to a person thinking on the subject, it must not be the obvious or natural suggestion of what was previously known.”

It was also observed that “Another test of whether a document is a publication which would negative existence of novelty or an “inventive step” is suggested, as under: “Had the document been placed in the hands of a competent craftsman (or engineer as distinguished from a mere artisan), endowed with the common general knowledge at the ‘priority date’, who was faced with the problem solved by the patentee but without knowledge of the patented invention, would he have said, “this gives me what I want?”. To put it in another form: “Was it for practical purposes obvious to a skilled worker, in the field concerned, in the state of knowledge existing at the date of the patent to be found in the literature then available to him, that he would or should make the invention the subject of the claim concerned ?”

Accordingly the following points need to be objectively judged to ascertain whether the invention does have inventive step or not:

1. Identify the inventive concept of the claim in question;
2. Identify the “person skilled in the art”, i.e. competent craftsman or engineer as distinguished from a mere artisan;
3. Identify the relevant common general knowledge of that person at the priority date;
4. Identify what, if any, differences exist between the matter cited as forming part of the “state of the art” and the inventive concept of the claim or the claim as construed;

Viewed without any knowledge of the alleged invention as claimed, do those differences constitute steps which would have been obvious to the person skilled in the art or do they require any degree of inventive ingenuity?

### Illustrative case laws:

1. In the case of Patent No. 183455 (203/BOM/1997), the invention related to a process for preparation of injectable Nimesulide composition. Opposition was lodged on the ground of obviousness, among other grounds such as prior publication and prior public knowledge. In view of the cited Sri Lankan Patent, the alleged invention stood anticipated as the cited document disclosed the invention or disclose information in such a way as to make it part of the state of the art. The claim lacked in novelty if information about anything falling within its scope had already been disclosed in the prior art. Thus, for example, if a claim specified alternative, or defined the invention by reference of range of values, then the invention was not new if one of these alternatives, or if a single example falling within this range, was already known. Thus a specific example was sufficient to destroy the novelty of a claim when the same is defined generically. The grant of patent was refused on the above grounds.

2. In the case of *Ajay Industrial Corporation v. Shiro Kamas of Iberaki City* (AIR 1983 Del 496.), the specification and claims had all to be read together and reasonably and benevolently construed. In the absence of any technical or expert evidence either indicating that these statements were wrong or that the article produced incorporated no new devices to get over these defects, it could not be held that the patent embodied no new discovery or invention. It was held that the appellant had not discharged the onus that lay on it to establish that

the respondent's patent could not have been registered and, therefore, needed to be revoked.

### **Industrial Applicability**

The third criteria of patentability are that the invention should be capable of industrial application. It is defined in Section 2 (1)(ac) of the Patents Act, 1970.

Section 2 (1) (ac) "Capable of Industrial application", in relation to an invention, means that the invention is capable of being made or used in an industry.

If the subject matter is devoid of industrial application it does not satisfy the definition of "invention" for the purpose of the Act. Ordinarily, "Industry" is taken in its broad sense as including any useful and practical, as distinct from intellectual or aesthetic activity. It does not necessarily imply the use of a machine or the manufacture of a product and covers such thing as a process for dispersing fog or a process of converting energy from one form to another.

Vague and speculative indication of possible objectives that might or might not be achievable by carrying out further research with the tool as described may not be sufficient for fulfilment of the requirement of industrial applicability. The purpose of granting a patent is not to reserve an unexplored field of research for an applicant.

Methods of testing are generally regarded as capable of industrial application if the test is applicable to the improvement or control of a product, apparatus or process which itself is capable of industrial application. It is therefore advisable to indicate the purpose of the test if this is not otherwise apparent.

Processes or articles alleged to operate in a manner which is clearly contrary to well-established physical laws, such as perpetual motion machines, are regarded as not having industrial application.

An invention for a method of treatment of the human or animal body by surgery or therapy or of diagnosis practiced on the human or animal body is not taken to be capable of industrial application.

Parts /pieces of the human or animal body to be used in transplants are objected as not being capable of industrial application.

### **Illustrations:**

The requirement that the invention can be made or used "in any kind of industry" so as to be "capable of industrial application" carries the connotation of trade or manufacture in its widest sense and whether or not for profit and further, that no industry exists in that sense to make or use that which is useless for any known purpose.

There must be a product, but this need not be an article or substance, but must be something in which a new and useful effect, be it creation or alteration, may be observed. It may, for example, be a building, attract or stratum of land, an electrical oscillation, but it must be useful in practical affairs. A method of eradicating weeds was held to give rise to a product (an improved crop) because this was an artificially created state of affairs; moreover it was one whose significance was economic.

An application relating to a scheme for exchanging all or part of a prison sentence for corporal punishment was held to lack industrial applicability and also to be a method for doing business.

A method for effecting introductions with a view to making friends was held not to be industrially applicable, even though it could be carried out by a commercial enterprise. It was also found to be excluded as a method of doing business. In a patent for a photo-booth camera was held that the folded optical path as described and claimed could not give rise to the claimed narrowing of the depth of field. As a result, the hearing officer held that

the invention could not work as described and claimed, and so lacked industrial applicability.

### Re-Issue and Re-Examination

After the grant of patent, every patentee has to maintain the patent by paying renewal fee every year as prescribed in the schedule I.<sup>1</sup>

For first two years, there is no renewal fee. The renewal fee is payable from 3rd year onwards. In case the renewal fee is not paid the patent will be ceased. To keep a patent in force renewal fees is payable at the expiration of second year from the date of the patent or of any succeeding year. In other words renewal fee has to be every year up to the completion of 20 years. Renewal fees can be paid beyond the due date within a period of 6 prescribed fees. If a patent is granted later than two years from the date of filing of the application, the fees which have become due in the meantime may be made within a period of 3 months from the date of recording the patent in the register. This time is also extendable by 6 months as described earlier.

The patentee has choice to pay the renewal fees every year or he can pay in lump sum as well. Further, a request for restoration of patent can be filed within 18 months from the date of cessation of patent along with the prescribed fee. After receipt of the request the matter is notified in the official journal for further processing of the request.

### LESSON ROUND UP

- The Patent system, as suggested before, creates exclusivity for a limited period to the owner of an invention.
- The examination of a patent application by the Examiner and then subsequent processing by the Controller constitute one such filtering mechanism.
- In the Patent Office the invention as described in the specification is subjected to a comprehensive search in different databases to find out the appropriate prior arts for ascertaining novelty and inventiveness of an alleged invention during the process of examination as per provisions of the Act and Rules.
- Even though checks and balances in the form of pre- and post- grant oppositions, revocations or counter revocations in infringement suits are available, the examination system acts as a primary gate keeper of the patent system.
- Usually a patent application is published in the Official Patent Office Journal after the lapse of 18 months from the date of filing of the application or the priority claimed date, whichever is earlier.
- This publication includes all pertinent details related to the application. It includes the title, abstract, application number and name and address of the applicant. After this publication a patent application becomes open for public scrutiny.
- The Patents Act, 1970 provides for examination of patent application only on filing of request for examination by the applicant or any other interested person [section 11B].
- Once the request for examination is received and the application has been published, the Controller shall refer the particular application to an examiner for conducting examination and search in accordance with section 12 and 13 of the Patents Act, 1970.
- The examination of patent application is conducted in accordance with the provisions of section 121

1. *Frequently Asked Questions – Patents*,

of the Patents Act, 1970.

- The patent examination can broadly be classified in two distinct forms, the formality examination and the substantive examination.
- The time line as provided in the Act and Rules has been suitably incorporated in Annexure-I.
- Section 10(5) mandates that the claim/ claims of the complete specification shall relate to a single invention, or to a group of inventions linked so as to form a single inventive concept.
- An invention is considered new (novel) if it has not been anticipated by publication in any document anywhere in the world, or prior claimed in an application for patent in India, or form part of the knowledge, oral or otherwise, available within any local or indigenous community in India or elsewhere, or used; before the date of filing of patent application or date of priority, which ever is earlier, that is, the subject matter has not fallen in the public domain or that it does not form part of the state of the art.
- Prior public use of the invention before the date of filing of application destroys the novelty of the invention.
- The third criteria of patentability are that the invention should be capable of industrial application. It is defined in Section 2 (1) (ac) of the Patents Act, 1970.
- After the grant of patent, every patentee has to maintain the patent by paying renewal fee every year as prescribed in the schedule I.
- The patentee has choice to pay the renewal fees every year or he can pay in lump sum as well. Further, a request for restoration of patent can be filed within 18 months from the date of cessation of patent along with the prescribed fee. After receipt of the request the matter is notified in the official journal for further processing of the request.

### SELF-TEST QUESTIONS

*These are meant for re-capitulation only. Answers to these questions are not to be submitted for evaluation.*

1. Discuss the concept of Patent Application.
2. What do you mean by Examination of Patent Application?
3. Discuss the types of examination of Patent Application.
4. What is Single Inventive Concept?
5. Discuss the Re-Issue and Re-Examination of Patent.

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# Lesson 9

## Patent Infringement

### LESSON OUTLINE

- Patent Infringement
- Types of infringement
- Exclusions from infringement
- Jurisdiction
- Burden of Proof
- Doctrine of Equivalence & Doctrine of
- Colorable Variation
- Contributory Infringement
- Relief in Suits for Infringement
- Defenses to Infringement
- Legal Aspects (Act, Rules and
- Procedures)
- IPAB
- LESSON ROUND UP
- SELF-TEST QUESTIONS

### LEARNING OBJECTIVES

Patent infringement is the unauthorized making, using, offering for sale or selling any patented invention within India, or importing into India of any patented invention during the term of a patent.

Patent infringement occurs in every industry and the job of fighting patent infringement falls on the shoulders of the patent holder. When patent infringement happens, the patentee may sue for relief in the appropriate court. The patentee may ask the court for an injunction to prevent the continuation of the patent infringement and may also ask the court for an award of damages because of the patent infringement.

Patent infringement is a very complicated matter. It is important for the students to understand the legal aspects governing infringement, exceptions and defenses to infringement and the remedies available to the patent holder in the event of infringement.



## INTRODUCTION

It is usually believed that receiving a patent provides a complete protection against infringement. However, when a patent is threatened, patent holders must take more far-reaching measures to protect their interests. Patent litigation includes legal actions to protect patents against infringement, and may result in monetary damages or an injunction against the infringement.

### What Amounts to Patent Infringement

Patent infringement means the violation of the exclusive rights of the patent holder. As discussed earlier, patent rights are the exclusive rights granted by the Government to an inventor over his invention for a limited period of time. In other words, if any person exercises the exclusive rights of the patent holder without the patent owner's authorization then that person is liable for patent infringement. Sections 104-114 of the Patents Act, 1970 provide guidelines relating to patent infringement.

Patent infringement occurs when another party makes, uses, or sells a patented item without the permission of the patent holder. The patent holder may choose to sue the infringing party to stop his or her activities, as well as to receive compensation for the unauthorized use. Since intellectual property is governed by statutory law, the patent holder must sue the unauthorized party in court of law.

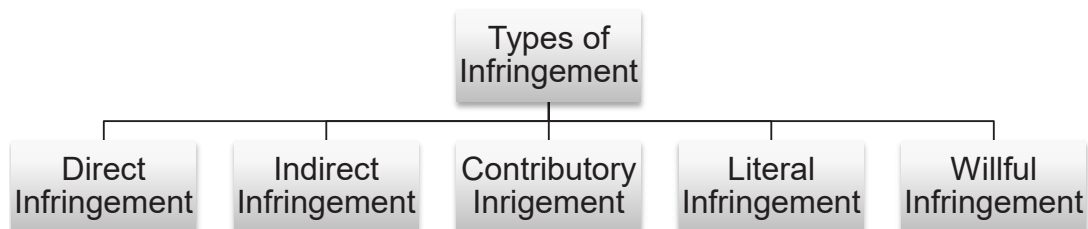
Patent holders must bring infringement actions within the time specified under the law of limitation from the date of infringement; if the suit is not brought in this time limit, it is time-barred, ratifying the infringement. While patent litigation proceeds much like any other case, the complicated legal issues surrounding patent validity and infringement are reserved for the court's determination, although some patent litigation cases use juries for other aspects of the overall case.

Unlike the Design law, the Patents law does not specify as to what would constitute infringement of a patented product or process. However, the following acts when committed without the consent of the patentee shall amount to infringement:

- (i) Making, using, offering for sale, selling, importing the patented product;
- (ii) Using the patented process, or using, offering for sale, selling or importing the product directly obtained by that process.

### Types of Patent Infringement

There are different ways a patent could be infringed. Some of the types of patent infringements includes:



#### (a) Direct Infringement

This occurs when a product covered by a patent is manufactured without permission. Direct patent infringement is the most obvious and the most common form of patent infringement. Basically, direct patent infringement occurs when a product that is substantially close to a patented product or invention is marketed, sold, or used commercially without permission from the owner of the patented product or invention.

**(b) Indirect Infringement and Contributory infringement**

An indirect infringer may induce infringement by encouraging or aiding another in infringing a patent. Indirect patent infringement suggests that there was some amount of deceit or accidental patent infringement in the incident. For instance, A holds a patent for a device and B manufactures a device which is substantially similar to the A's device. B is supplied with a product from another person C to facilitate manufacturing of the B's device. If the device so manufactured by B infringes upon A's patent, then the person C indirectly infringes A's patent. Further, if such a product is knowingly sold or supplied, it may lead to "contributory infringement". In the above example, if the person C knowingly supplies the product to B then the infringement is construed as contributory infringement.

**(c) Contributory Infringement**

This occurs when a party supplies a direct infringer with a part that has no substantial non-infringing use.

**(d) Literal Infringement**

This exists if there is a direct correspondence between the words in the patent claims and the infringing device.

Even if an invention does not literally infringe the patent, it may still infringe under the doctrine of equivalents. A device that performs the substantially same task in substantially the same way to achieve substantially the same result infringes the patent under this doctrine. If the court finds Infringement, it must still determine whether the Infringement was willful.

**(e) Willful Infringement**

Willful Infringement involves intentional disregard for another's patent rights and encompasses both direct and intentional copying and continued Infringement after notice. Patent users and inventors should employ patent attorneys to ensure that the use of a patent is valid and non-infringing. Even if Infringement is later found, the attempt to secure a legal opinion is evidence that the Infringement was not willful.

If the court finds that the Infringement was willful, the infringer faces a substantial financial penalty; a willful infringer may end up paying triple the amount of actual damages suffered by the patent holder, as well as the plaintiff's attorneys' fees.

**Exclusions from Infringement**

The law however enumerates certain exceptions to Infringement:

**(a) *Experimental and Research:*** Any patented article or process can be used for the following purposes:

- Experiment
- Research
- Instructing the pupils

It is also permitted to make, construct, use, sell or import a patented invention solely for the uses reasonably related to the development and submission of information required under any law for the time being in force, in India, or in a country other than India, that regulates the manufacture, construction, use, sale or import of any product. All such acts, if within the bounds as created above, cannot be challenged as infringing the rights of the patentee.

**(b) *Parallel Importation under certain conditions:*** Patented article or article made by using the patented

process can be imported by government for its own use. Also a patented process can be used by the government solely for its own use. Moreover the government can import any patented medicine or drug for the purposes of its own use or for distribution in any dispensary, hospital or other medical institution maintained by the government or any other dispensary, hospital or medical institution notified by the government. [Section 27 &47]

**Jurisdiction:** The legal provisions with regard to jurisdiction are provided in Section 104 of the Patents Act, 1970. Before dealing with jurisdiction, it may be pointed out that the courts in India receive (a) Patent Administrative Cases and (b) Patent Infringement Cases. In patent administrative cases, the Indian Patent Office is the defendant. These types of cases include, dispute on grant of a patent, patent invalidation and upholding, and compulsory licensing. In patent Infringement cases, patentee or patent assignees pursue damages against willful Infringement conduct by the alleged infringer. These cases include, Infringement of patent, disputes relating to ownership of patent, disputes regarding patent rights or right for application, patent contractual disputes, contractual disputes of assignment of patent right, patent licensing, and dispute relating to the revocation of patents.

Section 104 of the Patents Act says that the patent Infringement suit shall not be instituted in a court lower than District Court in India. Further, if the defendant files a counter-claim against revocation of the patent, then the suit, along with the counter-claim, shall be transferred to the High Court for decision. Moreover, in the event of a counter-claim of a patent by the defendant, the suit along with counter-claim is to be transferred to the high Court for decision.

Like any other civil suit the jurisdiction shall be determined in accordance with the rules of Code of Civil Procedure. The appropriate forum would be:

- (a) Principal place where the plaintiff carries on his business;or
- (b) Principal place where the defendant carries on his business;or
- (c) Place where the infringing articles are manufactured/ sold or infringing process is being applied or where the articles manufactured by the infringing process are being sold.

**Period of Limitation:** The period of limitation for instituting a suit for patent Infringement is three years from the date of Infringement.

**Burden of Proof:** The traditional rule of burden of proof is adhered to with respect to patented product and accordingly in case of alleged Infringement of a patented product the 'onus of proof' rests on the plaintiff. However, TRIPS-prompted amendment inserted by way of Section 104 (A) has 'reversed burden of proof' in case of Infringement of patented process. Under the current law, the court can at its discretion shift the burden of proof on the defendant, in respect of process patent if either of the following two conditions is met:

- (a) the subject matter of the patent is a process for obtaining a new product;or
- (b) there is substantial likelihood that an identical product is made by the process and plaintiff has made reasonable efforts to determine the process actually used but has failed. [Section 104(A)]

While considering whether a party has discharged the burden imposed upon him under Section 104(A), the court shall not require him to disclose any manufacturing or commercial secrets, if it appears to the court that it would be unreasonable to do so.

### Doctrine of Equivalents and Doctrine of Colorable Variation

Patent Infringement generally falls into two categories: literal Infringement and Infringement under the doctrine

of equivalents. The term “literal Infringement” means that each and every element recited in a claim has identical correspondence in the allegedly infringing device or process.

However, even if there is no literal Infringement, a claim may be infringed under the doctrine of equivalents if some other element of the accused device or process performs substantially the same function, in substantially the same way, to achieve substantially the same result. The doctrine of equivalents is a legal rule in most of the world’s patent systems that allows a Court to hold a party liable for patent Infringement even though the infringing device or process does not fall within the literal scope of a patent claim, but nevertheless is equivalent to the claimed invention.

This “expansion” of claim coverage permitted by the doctrine of equivalents, however, is not unbounded. Instead, the scope of coverage which is afforded the patent owner is limited by (i) the doctrine of “prosecution history estoppel” and (ii) the prior art.

An Infringement analysis determines whether a claim in a patent literally “reads on” an accused infringer’s device or process, or covers the allegedly infringing device under the doctrine of equivalents. The steps in the analysis are:

- Construe the scope of the “literal” language of the claims.
- Compare the claims, as properly construed, with the accused device or process, to determine whether there is literal Infringement.
- If there is no literal Infringement, construe the scope of the claims under the doctrine of equivalents.

The doctrine of equivalents is an equitable doctrine which effectively expands the scope of the claims beyond their literal language to the true scope of the inventor’s contribution to the art. However, there are limits on the scope of equivalents to which the patent owner is entitled.

**Doctrine of Colorable Variation:** A colourable variation or immaterial variation amounting to Infringement is where an infringer makes slight modification in the process or product but in fact takes in substance the essential features of the patentee’s invention.

In *Lectophone Corporation v. The Rola Company*, 282 U.S. 168 (1930), a patent holder’s patents were of sound-reproducing instruments for phonographs. According to the patent application, size and dimensions of the invention were the essence of the patent. The patent holder claimed that a radio loud speaker manufactured by the defendant (manufacturer) infringed the patents. The manufacturer’s device also had a central paper cone, but the cone was smaller than that of the patented device and that constituted colorable alteration. The court held that because colorable alterations of the manufacturer’s device, it would not accomplish the object specified in the patent claims and hence did not infringe upon the patent holder’s claims.

There are five ways to justify a case of patent Infringement:

- Doctrine of Equivalents
- Doctrine of Complete Coverage
- Doctrine of Compromise
- Doctrine of Estoppel
- Doctrine of Superfluity

Sometimes the end user is not even aware that he or she is using a patented item unlawfully. Other times, there are too many people using the item to sue all of them. Rather than suing end users, it might be best to sue those

who are knowingly trying to infringe on a patent.

### Declaration as to Non- Infringement

Under Section 105 of the Act, any person after the grant of publication of patent may institute a suit for a declaration as to non- Infringement. For this the plaintiff must show that (a) he applied in writing to the patentee or his exclusive licensee for a written acknowledgement to the effect that the process used or the article produced by him does not infringe the patent and (b) patentee or the licensee refused or neglected to give such an acknowledgement. It is not necessary that the plaintiff must anticipate an Infringement suit.

### Acts Which Do Not Amount To Infringement

Besides exceptions stated above, there are also certain acts which do not amount to Infringement under the Patents Act, 1970. These include:

- (a) any act of making, constructing, using, selling or importing a patented invention solely for uses reasonably related to the development and submission of information required under any law in India or in any other country that regulates the making, constructing, using, selling or importing any product.
- (b) Importation of patented products by any person from a person who is duly authorized under the law to produce and sell or distribute the product. [Section 107-A]

It is possible to import the patented products from the licensee of the patentee in any country without the permission of the patentee. The purpose of parallel import is to check the abuse of patent rights and to control the price of patented product.

### Reliefs in Suits for Infringement

As stated earlier, the exclusive rights of a patent holder have been provided protection under the Patents Act, 1970 and in the event of any violation of these rights the patentee can file a suit in the appropriate court. No Infringement action may be started until a patent has been granted. As per Section 108 of the Patents Act, the reliefs which may be awarded in such a suit include—

- (1) An injunction.
- (2) Damages or account of profits.

As is evident the reliefs granted under Section 108 of the Patents Act are inclusive and not exhaustive.

### Injunction

An injunction is a specific order of the Court forbidding the commission of a wrong threatened or the continuance of a wrongful course of action already begun, or in some cases (when it is called a 'mandatory injunction') commanding active restitution of the former state of things.

Injunctions are two types- (i) temporary and (ii) permanent.

*Permanent injunction*, restrains a party for ever from doing the specified act and the same can be granted only on merits at the conclusion of the trial after hearing both the parties to the suit. It is governed by Sections 38 to 42 of the Specific Relief Act, 1963.

*A temporary or interim injunction* on the other hand restrains a party temporarily from doing the specified act and can be granted until the disposal of suit. It is regulated by the provisions of Order 39 of the Code of Civil Procedure and it may be granted at any stage of the suit. Injunctions are preventive, prohibitive or restrictive

i.e. when they prevent, prohibit or restraint some one from doing some thing or mandatory, i.e. when they compel, command or order some persons to do some thing.

In the case of patent Infringement, the plaintiff can obtain interlocutory order in the form of temporary injunction from the court by proving the existence of the following facts:

- (a) A *prima facie* case of Infringement
- (b) Balance of convenience is tilting in his/herfavour
- (c) If injunction is not granted he/she shall suffer irreparable damage

In *Hindustan Lever Limited v. Godrej Soaps Limited*, AIR 1996 Cal 367, the Court held that the plaintiff in a patent case must show a *prima facie* case of Infringement and further that the balance of convenience and inconvenience is in his favour. Where the alleged Infringement is not novel and the patent has not yet been exploited there is no question of loss of employment or fall in revenue and the damages if suffered could be provisionally quantified. It could not be said that the balance of convenience was definitely in favour of an interlocutory injunction.

The Courts may refuse to consider the question of validity while deciding on interlocutory order. As in *Schneider Electric Industries SA v. Telemecanique & Controls (I) Ltd.*, 2000 (20) PTC 620 (Del), Delhi High Court held that an interlocutory application in a suit for Infringement of a registered patent, defendant's plea that patents are invalid as patented features are in the nature of obvious improvements cannot be considered at this stage in the light of conflicting expertevidence.

On the other hand in *Novartis AG and Anr v. Mehar Pharma and Anr*, 2005(30) PTC (Bom), the court refused to grant temporary injunction on the ground that the validity of a recent patent was challenged.

The power to grant temporary injunction is at the discretion of the court. The discretion is to be exercised reasonably, judiciously and on sound legal principles.

In a number of landmark patent litigation cases the courts have displayed a varied approach in deciding on interim injunction. The high profile case of *Bajaj Auto Ltd. v. TVS Motor Company Ltd.*, 2008 (36) PTC 417 (Mad.) was most significant as the Supreme Court concurred with the observations made in *Shree Vardhman Rice & Gen Mills v. Amar Singh Chawalwala* that matters relating to trademarks, copyrights and patents should be finally decided very expeditiously by the trial court instead of merely granting or refusing to grant injunction.

The most talked about decision having far reaching ramifications in the pharmaceutical patent arena has been the decision of Delhi High Court in *F. Hoffmann-La Roche Ltd. and Anr. v. Cipla Limited*, [2008 (37) PTC 71 (Del.)]. In this case, the plaintiffs filed a suit praying for permanent injunction restraining defendant from infringing its patent in respect of anti-cancer drug "Tarceva". The case acquired significance for the very reason that it was the first case in which the court considered the aspect of "pricing" of the drug in deciding on the interim injunction. The Court in this case laid down several crucial principles as follows:

- (i) In patent Infringement actions, the courts should follow the approach indicated in American Cyanamid case, by applying allfactors;
- (ii) The courts should follow a rule of caution, and not always presume that patents are valid, especially if the defendant challenges it;and
- (iii) The standard applicable for a defendant challenging the patent is whether it is a genuine one, as opposed to a vexatious defense. Only in the case of the former, the court will hold that the defendant has an arguable case.

The court was of the opinion that as between the two competing public interests, i.e. the public interest in granting an injunction to the patentee, as opposed to the public interest in access to a life saving drug for the people, the balance has to be tilted in favor of the latter. The court also opined that the patients in India can ill-afford high priced imported versions of the drug like “Tarceva”.

Aggrieved by the decision of the single judge, Roche went in appeal. Dismissing the appeal, the Division Bench held that Roche failed to establish a prima facie case in its favor in view of the fact that a serious challenge to the validity of the patent in suit was raised. It was also held that Roche failed to make a full disclosure of the facts.

The court imposed heavy costs quantified at ₹5 Lakhs to be paid by Roche to Cipla. The court however, restrained Cipla from exporting its drug to countries where Roche had a patent during the pendency of the appeal.

**In the case of *Monsanto Company v. Coramandal Indag Products (P) Ltd.* 1 (1986) 1 SCC 642**

The Supreme Court held and observed as under:

“...To satisfy the requirement of being publicly known as used in clauses (e) and (f) of Section 64(1), it is not necessary that it should be widely used to the knowledge of the consumer public. It is sufficient if it is known to the persons who are engaged in the pursuit of knowledge of the patented product or process either as men of science or men of commerce or consumers. The section of the public, who, as men of science or men of commerce, were interested in knowing about Herbicides which would destroy weeds but not rice, must have been aware of the discovery of Butachlor. There was no secret about the active agent Butachlor as claimed by the plaintiffs since there was no patent for Butachlor, as admitted by the plaintiffs. Emulsification was the well-known and common process by which any herbicide could be used. Neither Butachlor nor the process of emulsification was capable of being claimed by the plaintiff as their exclusive property. The solvent and the emulsifier were not secrets and they were admittedly not secrets and they were ordinary market products. From the beginning to the end, there was no secret and there was no invention by the plaintiffs. The ingredients, the active ingredients the solvent and the emulsifier, were known; the process was known, the product was known and the use was known. The plaintiffs were merely camouflaging a substance whose discovery was known through out the world and trying to enfold it in their specification relating to Patent Number 125381. The patent is, therefore, liable to be revoked...”

### **Damages and Accounts for Profits**

Once the suit is decided in favour of the plaintiff, the court can either award damages or direct the defendant to render an account of profits. The two remedies are alternative and not concurrent in nature. Some express limitations have been imposed on the grant of this relief. The court shall not grant damages or account of profits in the following cases:

- (a) Where the defendant proves that at the date of the Infringement he was not aware and had no reasonable grounds for believing that the patent existed.
- (b) Where an amendment of a specification had been allowed after the publication of the specification, and the Infringement action is in respect of the specification before the date of publication unless the court is satisfied that original specification was made in good faith and with reasonable skill and knowledge.

This right to obtain provisional damages requires a patent holder to show the following:

- (i) The infringing activities occurred after the patent application was published;
- (ii) The patented claims are substantially identical to features of the process or the product infringing the patent; and



- (iii) The infringer had actual notice of the published patent application.

The Supreme Court of India has laid down the following guidelines to determine Infringement of a patent based on *Biswanath Prasad Radhey Shyam v. Hindustan Metal Industries*. AIR SC1978.

- (i) Read the description and then the claims;
- (ii) Find out what is the prior art;
- (iii) What is the improvement over the prior art;
- (iv) List the broad features of the improvement;
- (v) Compare the said broad features with the defendant's process or apparatus; and
- (vi) If the defendant's process or apparatus is either identical or comes within the scope of the plaintiff's process or apparatus, there is an Infringement.

### Anton Pillar Order

The court can also order for the search of the premises of the defendant. The infringing goods, materials and implements which are used for the creation of the infringing goods can be seized, forfeited or destroyed on the order of the court without the payment of any compensation. [Section 108(2)]

### Groundless Threats of Infringement Proceedings

There may be situations where a person makes groundless threats of Infringement of patent. The person aggrieved by such threats may bring a suit for the following reliefs:

- (a) A declaration to the effect that the threats are unjustifiable;
- (b) An injunction against the continuance of such threats; and
- (c) Such damages, if any, as he has sustained thereby. [Section 106]

### Right of Exclusive Licensee to Take Proceedings against Infringement

Exclusive licensee is a legal person who has been granted a license or a permission to use patent to the exclusion of all others, including the patentee. Under the Act, the exclusive licensee shall have the like right as the patentee to institute a suit in respect of any Infringement of the patent.

In awarding damages or an account of profits or granting any other relief in any such suit, the court shall take into consideration any loss suffered or likely to be suffered by the exclusive licensee or, the profits earned by means of the Infringement so far as it constitutes an Infringement of the rights of the exclusive licensee as such.

In any suit for Infringement of a patent by an exclusive licensee, if the patentee does not join as plaintiff, he is added as a defendant, but a patentee so added as defendant shall not be liable for any costs unless he enters an appearance and takes part in the proceedings. [Section 109]

### Defenses etc. in Suits for Infringement

- (1) In any suit for Infringement of a patent, every ground on which it may be revoked under Section 64 shall be available as a ground for defense.
- (2) In any suit for Infringement of a patent by the making, using or importation of any machine, apparatus or other article or by the using of any process or by the importation, use or distribution of any medicine or drug, it shall be a ground for defense that such making, using, importation or distribution is in accordance

with any one or more of the conditions specified in Section 47. [Section107]

### Defenses available

The defendant in a suit for Infringement of a patent may lead one or more of the following defenses:

1. Plaintiff not entitled to sue for Infringement,
2. Denial of Infringement or of any threat or intention to infringe,,
3. Leave or license express or implied to use the invention,
4. Estoppels or resjudicata,
5. The acts complied are in accordance with the conditions specified in s.47 (Government use, experiment, research an deducation),
6. Claims alleged to be infringed are invalid on certain grounds ( Revocation of Patents)
7. For Patent in respect of Medicine or drug, for its own use of Govt. of India, for distribution in Govt. Dispensary and hospitals or by gazette notifications to other dispensaries, hospitals and medical institutions.
8. Alleged Infringement not novel or is obvious (Lord Moulton's defense or Gilletedefense).

### What does not constitute Infringement:

Section 107A in the act incorporates Bolar provision and provision for parallel imports. Section 107A states that the following acts do not constitute Infringement:

Any act of making, constructing, using, selling or importing a patented invention solely for uses reasonably related to the development and submission of information required under any Indian law, or law of a country other than India, that regulates the manufacture, construction, use, sale or import of any product;

The importation of patented products by any person from a person who is duly authorized by the patentee under the law to produce and sell or distribute the products.

### Bolar Provision

Bolar provision allows manufacturers to begin the research and development process in time to ensure that affordable equivalent generic medicines can be brought to market immediately upon the expiry of the product patent.

### Parallel Import Provisions

Parallel import provisions are provided in section 107 A (b) of the Patents Act, which says that importation of patented products by any person authorized by the Patentee will not be considered as an Infringement. Therefore it is possible to import the patented products from the licensee of the patentee in any country without the permission of the Patentee. The purpose of Parallel import is to check the abuse of patent rights and meant to control the price of patented product.

In *Dr. Snehlata C. Gupte v. Union of India, W.P. (C) No 3516 and 3517*, Delhi High Court was significant in highlighting when a patent can be said to be granted under the Patent Act.

The Court while holding that the date of grant of the patent is the date on which the Controller passes an order to that effect on the file, noted that the language "a patent shall be granted as expeditiously as possible".

Section 43 does point out that a patent has to be granted once it is found that either the application is not refused in a pre-grant opposition or otherwise is not found in any contravention of any provisions of the act.

Therefore the decision taken by the controller on the file is the determining event for ascertaining the date of grant of patent and the acts of sealing of the patents and entering the same in register are material facts evidencing the grant of patents.

In *Cadila Pharmaceuticals Ltd. v. Instacare Laboratories Pvt. Ltd.*, 2001(21) PTC 472 (Guj), the Gujarat High Court observed that Section 107 expressly empowered a defendant to defend any suit for Infringement of a patent. Every ground on which a patent could be revoked under Section 64 was available as a ground of defense. Though the defendant had chosen not to give notice of opposition under Section 25 of the Act or to apply for revocation under Section 64 of the Act, he still had the right to defend his action on any ground on which the patent could be revoked under Section 64 of the Act.

### POWER OF CONTROLLER IN CASE OF POTENTIAL INFRINGEMENT

Section 19 of the Patent Act, 1970 provides that -

- (1) If, in consequence of the investigations required under this Act, it appears to the Controller that an invention in respect of which an application for a patent has been made cannot be performed without substantial risk of Infringement of a claim of any other patent, he may direct that a reference to that other patent shall be inserted in the applicant's complete specification by way of notice to the public, unless within such time as may be prescribed—
  - (a) The applicant shows to the satisfaction of the Controller that there are reasonable grounds for contesting the validity of the said claim of the other patent; or
  - (b) The complete specification is amended to the satisfaction of the Controller.
- (2) Where, after a reference to another patent has been inserted in a complete specification in pursuance of a direction under sub-section (1)—
  - (a) That other patent is revoked or otherwise ceases to be in force; or
  - (b) The specification of that other patent is amended by the deletion of the relevant claim; or
  - (c) It is found, in proceedings before the court or the Controller, that the relevant claim of that other patent is invalid or is not infringed by any working of the applicant's invention, the Controller may, on the application of the applicant, delete the reference to that other patent.

### Review of Controllers' Decision (Procedure)

The statute provides for review of the Controller's decision under section 77 of the Patents Act 1970. The applicant need to file Form 24 within the time limits prescribed in Rule 130. The Controller shall act in accordance with the prescribed norms under Rule 130 and decide that matter on the merit of each case. The Controller, in any proceeding before him under the Patents Act, 1970, shall have the powers of a civil court while trying a civil suit under Code of Civil Procedure, 1908 (5 of 1908). The review under section 77 is dealt in the like manner.

Who may file the review Petition:

Any person considering himself aggrieved—

- by a decree or order from which an appeal is allowed, but from which no appeal has been preferred,
- by a decree or order from which no appeal is allowed,

Grounds for review:

- Discovery of new and important matter or evidence which, after the exercise of due diligence was not within petitioner's knowledge or could not be produced by him at the time when the decree was passed or order made, or
- on account of some mistake or error apparent on the face of the record or,
- for any other sufficient reason

A party who is not appealing from a decree or order may apply for a review of judgment notwithstanding the pendency of an appeal by some other party except where the ground of such appeal is common to the applicant and the appellant, or when, being respondent, he can present to the Appellate Court, the case on which he applies for the review.

Hon'ble Supreme Court of India on reviews:

Hon'ble Supreme Court in *Satyanarayan Laxminarayan Hegde and Ors. vs. Mallikarjun Bhavanappa Tirumale* (AIR 1960 SC 137) held that "An error which has to be established by a long drawn process of reasoning on points where there may conceivably be two opinions can hardly be said to be an error apparent on the face of the record. Where an alleged error is far from self-evident and if it can be established, it has to be established, by lengthy and complicated arguments, such an error cannot be cured by a Writ of Certiorari according to the rule governing the power of the superior Court to issue such a writ." The very fact that the Learned Counsel for the appellant had to labour for several hours to make her submissions would show that if there were errors in the decisions, it had to be decided only by a process of reasoning that are not apparent on the face of the records.

### INTELLECTUAL PROPERTY APPELLATE BOARD

Pursuant to the amendments introduced to the Patents Act, 1970 in 2002, a specialized forum called Intellectual Property Appellate Board ("IPAB") has been constituted by the Central Government on September 15, 2003 to hear and adjudicate appeals against the decisions of the Registrar under the Trade Marks Act, 1999 and the Geographical Indications of Goods (Registration and Protection) Act, 1999.

In India only High Courts have the power to deal with both Infringement and invalidity of patents simultaneously. Now the IPAB has since April 2, 2007 been extended to Patent law and is now authorized to hear and adjudicate upon appeals from most of the decisions, orders or directions made by the Controller of Patents. Also vide a notification; all pending appeals from the Indian High Courts under the Patents Act were transferred to the IPAB from April 2, 2007.

The IPAB has its headquarters at Chennai and has sittings at Chennai, Mumbai, Delhi, Kolkata and Ahmedabad.

**Organization of an IPAB Bench:** Each Bench of the IPAB includes a Judicial Member and a Technical Member. The qualifications for appointment as a technical member of the IPAB are mentioned in The Trade Marks Act and the Patents Act.

**Jurisdiction:** Every appeal from the decision of the Controller to the IPAB must be made within three months from the date of the decision, order or direction, as the case may be, or within such further time as the IPAB may permit, along with the prescribed fees.

The IPAB has appellate jurisdiction against the decision of the Controller or Central Government of India in matters specified under Section 117A of the Patents Act, 1970.

**Exceptions:** The IPAB (Procedure) Rules, 2003 exempt orders passed by the Central Government of India

with respect to inventions pertaining to defense purposes, including directions of secrecy in respect of such inventions, revocation if the patent is contrary or prejudicial to public interest, or pertains to atomic energy, from the purview of appeal to the IPAB.

An order of the Controller granting an extension of time under any provision of the Patent Act 1970 is also not appealable.

**Transfer of pending proceedings to IPAB:** The IPAB is the sole authority to exercise the powers and adjudicate proceedings arising from an appeal against an order or decision of the Controller. All the cases pertaining to revocation of patent, other than a counter-claim in a suit for Infringement, and rectification of register pending before the Indian High Courts shall be transferred to the IPAB.

In case of a counter-claim in a suit for Infringement, the Indian High Courts continue to be the competent authority to adjudicate on the matter.

The IPAB also has exclusive jurisdiction on matters related to revocation of patent and rectification of register.

The IPAB in its sole discretion may either proceed with the appeals afresh or from the stage where the proceedings were transferred to it.

### LESSON ROUND UP

- Patent Infringement means the violation of the exclusive rights of the patent holder. Unlike the Design law, the Patents law does not specify as to what would constitute Infringement of a patented product or process. However, the following acts when committed without the consent of the patentee shall amount to Infringement.
- There are three basic types of patent Infringements: (a) Direct Infringement; (b) Indirect Infringement and contributory Infringement. However, there are certain exceptions to Infringement: (i) Experimental and research; and (ii) Parallel importation under certain conditions.
- Like any other civil suit the jurisdiction shall be determined in accordance with the rules of Code of Civil Procedure. The period of limitation for instituting a suit for patent Infringement is three years from the date of Infringement.
- The traditional rule of burden of proof is adhered to with respect to patented product and accordingly in case of alleged Infringement of a patented product the 'onus of proof' rests on the plaintiff. However, TRIPS-prompted amendment inserted by way of Section 104 (A) has 'reversed burden of proof' in case of Infringement of patented process.
- The exclusive rights of a patent holder have been provided protection under the Patents Act, 1970 and in the event of any violation of these rights the patentee can file a suit in the appropriate court. The reliefs which may be awarded in such a suit include: (i) an injunction; (ii) damages or account of profits.
- A specialized forum called Intellectual Property Appellate Board ("IPAB") has been constituted by the Central Government on September 15, 2003 to hear and adjudicate appeals against the decisions of the Registrar under the Trade Marks Act, 1999 and the Geographical Indications of Goods (Registration and Protection) Act, 1999. The IPAB has since April 2, 2007 been extended to Patent law.



# Lesson 10

## Recent Developments In Patent System

### LESSON OUTLINE

- Indian Patent System - Brief
- Software and Business Method Patenting
- Patentable Inventions in Biotechnology
- Biodiversity Act, 2002
- Biodiversity and Biological Resources
- National Biodiversity Authority and State Biodiversity Boards
- LESSON ROUND-UP
- SELF-TEST QUESTIONS

### LEARNING OBJECTIVES

With the rapid advancement in science and technology, newer forms of intellectual property protection are emerging. Examples of such protection are seen in the efforts made to protect computer programmes and softwares, life forms particularly following developments in the biotechnology etc.

Patent laws of several countries favor patent protection for software innovation. Such countries include USA, Australia and Singapore, to name a few. However, many other countries which include India and European nations, have more stringent laws concerning patent protection to software innovation. The Indian Patent Law does not contain any specific provision regarding the protection of computer software. It is covered under Copyright Act in India.

Biotechnology has been at the core of a number of important developments in the pharmaceutical, agrochemical, energy and environmental sectors. In particular, progress in the field of molecular biology, biotechnology and molecular medicine has highlighted the potential of biotechnology for the pharmaceutical industry. With the introduction of Biodiversity Act, 2002, patent issues in this field are addressed in more detail.

The objective of the study lesson is to provide an understanding to the students about the patenting of software in India as well as the patenting of inventions in the domain of biotechnology.



## INDIAN PATENT SYSTEM: A BRIEF

The first legislation in India relating to patents was the Act VI of 1856. The objective of this legislation was to encourage inventions of new and useful manufactures and to induce inventors to disclose secret of their inventions. The Act was subsequently repealed by Act IX of 1857 since it had been enacted without the approval of the British Crown. Fresh legislation for granting 'exclusive privileges' was introduced in 1859 as Act XV of 1859. This legislation contained certain modifications of the earlier legislation, namely, grant of exclusive privileges to useful inventions only and extension of priority period from 6 months to 12 months. This Act excluded importers from the definition of inventor. This Act was based on the United Kingdom Act of 1852 with certain departures which include allowing assignees to make application in India and also taking prior public use or publication in India or United Kingdom for the purpose of ascertaining novelty.

In 1872, the Act of 1859 was consolidated to provide protection relating to designs. It was renamed as "The Patterns and Designs Protection Act" under Act XIII of 1872. The Act of 1872 was further amended in 1883 (XVI of 1883) to introduce a provision to protect novelty of the invention, which prior to making application for their protection were disclosed in the Exhibition of India. A grace period of 6 months was provided for filing such applications after the date of the opening of such Exhibition.

This Act remained in force for about 30 years without any change but in the year 1883, certain modifications in the patent law were made in United Kingdom and it was considered that those modifications should also be incorporated in the Indian law. In 1888, an Act was introduced to consolidate and amend the law relating to invention and designs in conformity with the amendments made in the U.K. law.

The Indian Patents and Designs Act, 1911, (Act II of 1911) replaced all the previous Acts. This Act brought patent administration under the management of Controller of Patents for the first time. This Act was further amended in 1920 to enter into reciprocal arrangements with UK and other countries for securing priority. In 1930, further amendments were made to incorporate, inter-alia, provisions relating to grant of secret patents, patent of addition, use of invention by Government, powers of the Controller to rectify register of patent and increase of term of the patent from 14 years to 16 years. In 1945, an amendment was made to provide for filing of provisional specification and submission of complete specification within nine months.

After Independence, it was felt that the Indian Patents & Designs Act, 1911 was not fulfilling its objective. It was found desirable to enact comprehensive patent law owing to substantial changes in political and economic conditions in the country. Accordingly, the Government of India constituted a committee under the Chairmanship of Justice (Dr.) Bakshi Tek Chand, a retired Judge of Lahore High Court, in 1949 to review the patent law in India in order to ensure that the patent system is conducive to the national interest. The terms of reference included —

- To survey and report on the working of the patent system in India;
- To examine the existing patent legislation in India and to make recommendations for improving it, particularly with reference to the provisions concerned with the prevention of abuse of patent rights;
- To consider whether any special restrictions should be imposed on patent regarding food and medicine;
- To suggest steps for ensuring effective publicity to the patent system and to patent literature, particularly as regards patents obtained by Indian inventors;
- To consider the necessity and feasibility of setting up a National Patents Trust;
- To consider the desirability or otherwise of regulating the profession of patent agents

- To examine the working of the Patent Office and the services rendered by it to the public and make suitable recommendations for improvement; and
- To report generally on any improvement that the Committee thinks fit to recommend for enabling the Indian Patent System to be more conducive to national interest by encouraging invention and the commercial development and use of inventions.

The committee submitted its interim report on 4th August, 1949 with recommendations for prevention of misuse or abuse of patent right in India and suggested amendments to sections 22, 23 & 23A of the Patents & Designs Act, 1911 on the lines of the United Kingdom Acts 1919 and 1949. The committee also observed that the Patents Act should contain clear indication to ensure that food and medicine and surgical and curative devices are made available to the public at the cheapest price commensurate with giving reasonable compensation to the patentee.

Based on the above recommendation of the Committee, the 1911 Act was amended in 1950 (Act XXXII of 1950) in relation to working of inventions and compulsory licence/revocation. Other provisions were related to endorsement of the patent with the words 'licence of right' on an application by the Government so that the Controller could grant licences. In 1952 (Act LXX of 1952) an amendment was made to provide compulsory licence in relation to patents in respect of food and medicines, insecticide, germicide or fungicide and a process for producing substance or any invention relating to surgical or curative devices. The compulsory licence was also available on notification by the Central Government. Based on the recommendations of the Committee, a bill was introduced in the Parliament in 1953 (Bill No.59 of 1953). However, the Government did not press for the consideration of the bill and it was allowed to lapse.

In 1957, the Government of India appointed Justice N. Rajagopala Ayyangar Committee to examine the question of revision of the Patent Law and advise government accordingly. The report of the Committee, which comprised of two parts, was submitted in September, 1959. The first part dealt with general aspects of the Patent Law and the second part gave detailed note on the several clauses of the lapsed bills 1953. The first part also dealt with evils of the patent system and solution with recommendations in regards to the law. The committee recommended retention of the Patent System, despite its shortcomings. This report recommended major changes in the law which formed the basis of the introduction of the Patents Bill, 1965. This bill was introduced in the Lok Sabha on 21st September, 1965, which however lapsed. In 1967, again an amended bill was introduced which was referred to a Joint Parliamentary Committee and on the final recommendation of the Committee, the Patents Act, 1970 was passed. This Act repealed and replaced the 1911 Act so far as the patents law was concerned. However, the 1911 Act continued to be applicable to designs. Most of the provisions of the 1970 Act were brought into force on 20th April 1972 with publication of the Patent Rules, 1972.

This Act remained in force for about 24 years without any change till December 1994. An ordinance effecting certain changes in the Act was issued on 31st December 1994, which ceased to operate after six months. Subsequently, another ordinance was issued in 1999. This ordinance was subsequently replaced by the Patents (Amendment) Act, 1999 that was brought into force retrospectively from 1st January, 1995. The amended Act provided for filing of applications for product patents in the areas of drugs, pharmaceuticals and agro chemicals though such patents were not allowed. However, such applications were to be examined only after 31-12-2004. Meanwhile, the applicants could be allowed Exclusive Marketing Rights (EMR) to sell or distribute these products in India, subject to fulfilment of certain conditions.

The second amendment to the 1970 Act was made through the Patents (Amendment) Act, 2002 (Act 38 of 2002). This Act came into force on 20th May 2003 with the introduction of the new Patent Rules, 2003 by replacing the earlier Patents Rules, 1972.

The third amendment to the Patents Act 1970 was introduced through the Patents (Amendment) Ordinance, 2004 w.e.f. 1st January, 2005. This Ordinance was later replaced by the Patents (Amendment) Act 2005 (Act 15 of 2005) on 4th April, 2005 which was brought into force from 1-1-2005.

## SOFTWARE AND BUSINESS METHOD PATENTING

Modern society relies heavily on computer technology. Without software, a computer cannot operate. Software and hardware work in tandem in today's information society. So, it is no wonder that intellectual property protection of software is crucial not only for the software industry, but for other businesses as well.

A software patent is generally defined as a patent that protects some programming technique. The Foundation for a Free Information Infrastructure (FFII) has defined a software patent as being a "patent on any performance of a computer realized by means of a computer program. The intellectual protection of computer software has been highly debated at the national and international level.

There is intense debate over the extent to which software patents should be granted, if at all. Important issues concerning software patents include:

- Whether software patents should be allowed, and if so, where the boundary between patentable and non-patentable software should lie;
- Whether the inventive step and non-obviousness requirement is applied too loosely to software; and
- Whether patents covering software discourage, rather than encourage, innovation.

The Foundation for a Free Information Infrastructure or FFII is a non-profit organisation based in Munich, Germany, dedicated to establishing a free market in information technology, by the removal of barriers to competition. The FFII played a key organisational role and was very active in the campaign which resulted in the rejection of the EU software patent directive in July 2005.

An early example of a software patent is that of United Kingdom. On 21 May, 1962, a British patent application entitled "A Computer Arranged for the Automatic Solution of Linear Programming Problems" was filed. The invention was concerned with efficient memory management for the simplex algorithm, and could be implemented by purely software means. The patent was granted on August 17, 1966 and seems to be one of the first software patents.

Most countries place some limits on the patenting of invention involving software, but there is no legal definition of a software patent. As for instance, U.S. patent law excludes "abstract ideas", and this has been used to refuse some patents involving software. In Europe, "computer programs as such" are excluded from patentability and European Patent Office policy is consequently that a program for a computer is not patentable if it does not have the potential to cause a "further technical effect" beyond the inherent technical interactions between hardware and software. Though the European Parliament rejected the Computer Implemented Inventions Directive in July 2005, the position with regard to software patenting remains more or less the same in EU member states.

Patent laws of several countries favour patent protection for software innovation. Such countries include USA, Australia and Singapore, to name a few. However, many other countries, which include India and European nations, have more stringent laws concerning patent protection to software innovation.

Most of the jurisprudence relating to software patents emanates from United States, which is considered as the cradle of software patents. Beginning with the landmark decision of US Supreme Court in *Diamond v. Thehr*, 450 U.S.75 (1981) which ordered the Patent office to grant a patent on an invention even though a computer software was utilized in it, the US Supreme Court has traveled a long distance with regard to software patents.

Subsequently in 1982, a new Court called United States Court of Appeals for the Federal Circuit (CAFC) was created by the U.S. Congress to hear patent cases. Following several landmark decisions by this Court, by the early 1990s the patentability of software was well established, and in 1996 the USPTO issued Final Computer Related Examination Guidelines stating that “A practical application of a computer-related invention is statutory subject matter. This requirement can be discerned from the variously phrased prohibitions against the patenting of abstract ideas, laws of nature or natural phenomena”.

The recent expansion of the Internet and e-commerce has led to many patents being applied for and being granted for business methods implemented in software and the question of whether business methods are statutory subject matter, is a separate issue from the question of whether software is?

In European Union (EU), software is patentable, provided they make a technical effect. Though the European Parliament rejected the Computer Implemented Inventions Directive in July 2005, the position with regard to software patenting remains more or less the same in EU member states.

United Kingdom patent law is interpreted to have the same effect as the European Patent Convention such that “programs for computers” are excluded from patentability to the extent that a patent application relates to a computer program “as such”. Current case law in the UK states that an (alleged) invention will only be actually regarded as an invention if it provides a contribution that is not excluded and which is also technical. A computer program implementing a business process is therefore not an invention, but a computer program implementing an industrial process may well be.

In Japan, software-related inventions are patentable. To qualify as an invention, however, there must be “a creation of technical ideas utilizing a law of nature”, although this requirement is typically met by “concretely realising the information processing performed by the software by using hardware resources”.

In 1999, the allowance rate for business method patents at the Japan Patent Office (JPO) reached an all-time high of roughly 35 percent. Subsequently, the JPO experienced a surge in business method patent filings. Since 2006, the average grant rate for business method patents has risen to the current rate of roughly 25 percent.

In April 2013, the German Parliament adopted a joint motion “against the growing trend of patent offices to grant patents on software programs. In Australia, pure or abstract methods of doing business are not considered to be patentable, but if the method is implemented using a computer, it avoids the exclusion for business methods.

In New Zealand, computer programs are to be excluded from patentability under a 2010 Patents Bill, but guidelines permitting embedded software are to be drafted once the bill has passed. In South Africa, “a program for a Computer” is excluded from recognition as a patentable invention by Section 25 of the Patents Act. In South Korea, software is considered patentable and many patents directed towards “computer programs” have been issued.

Indian Patent Act offers patent protection to products or processes (if they satisfy various requirements of patentability) as long as they do not fall under non-patentable subject matter. Sections 3 and 4 of the Indian Patent Act specify a list of subject matter that is not patentable, in particular “a mathematical or business method or a computer program *per se* or algorithms” is of specific importance to software innovation [Section 3(k)]. The Indian Patent Law does not contain any specific provision regarding the protection of computer software. Computer software on the other hand is protected by copyright as applicable to literary and aesthetic works. A computer program is therefore dealt with as a literary work and the law and practice in relation to literary works will apply to computer programs. [See study lesson on Copyright wherein protection of computer software has been elaborately discussed.]

The Indian Patent Act, as of now, excludes only ‘computer programs *per se*’ from patentability. The issue of

whether computer programs tied to certain hardware can be patented is a controversial one. An attempt was made through the Patents Amendment Ordinance 2004 to further extend the scope of software patenting to any computer program that has industrial application and to those that are used in combination with hardware. But there was strong opposition within and outside the Parliament and as a result this was deleted from the subsequent Patents (Amendment) Act, 2005. For better understanding of patentability issues for computer hardware (internal and external hardwares) - one shall also carefully study Designs Act, 2000 (Refer Chapter No. 13 – this covers exclusivity rights for products covered under Industrial designs) and Integrated Circuit Layout Designs Act, 2000 (Refer Chapter No. 15 – this covers exclusivity rights for internal computer hardwares popularly known as Mother Boards). Still, an invention shall not become unpatentable in India merely because it was implemented with software. Like the EU Countries, in India also the gaining of patent protection for software depends more on the drafting skills of the Patent Engineer. If the claims are drafted in such a way as to reflect that the invention is not *software per se*, it shall qualify for patent protection.

### PATENTABLE INVENTIONS IN BIOTECHNOLOGY

The exciting developments in the domain of biotechnology have resulted in intensive R&D activities all over the world including India. After information technology, biotechnology is increasingly recognized as the next wave in the knowledge-based economy. Biotechnology has been at the core of a number of important developments in the pharmaceutical, agrochemical, energy and environmental sectors. In particular, progress in the field of molecular biology, biotechnology and molecular medicine has highlighted the potential of biotechnology for the pharmaceutical industry.

Conventionally, a micro-organism is considered as an organism that is microscopic, i.e., too small to be seen by the naked human eye and can be viewed only under a microscope, usually, an ordinary light microscope. Micro-organisms include bacteria, fungi, virus, protists and other prokaryotes as well as some microscopic plants (phytoplankton) and animals (zooplankton).

Prior to 1980, micro-organisms were clearly “products of nature” and as such were not considered patentable. In 1980 the US Supreme Court in *Anand Chakrabarty’s* case allowed patenting of crude oil spilling bacterium) and this subject has been drawing a great deal of attention all over the world. As microorganisms are important constituents of biodiversity, issues like the origin of a microorganism and its patentability and ownership have gained importance.

The US Supreme Court ruled that genetically altered micro-organisms were indeed patentable based on the following criteria:

- They were man-made;
- They were products of human manipulation and therefore considered similar to any other invention;
- They had a specified industrial application (one criterion for patenting is that the invention has utility).

Further, Supreme Court cited the fact that there was precedence for patenting living matter. Since 1930 certain asexually reproduced plants have been protected by patenting. Furthermore, in 1970 the Plant Variety Protection Act allowed for protection of some sexually reproduced plants.

As a result of the Supreme Court’s decision, the US biotechnology industry flourished and many US patents have been granted on human-made higher life forms such as transgenic mice, fish etc. Thus, microorganisms, plants and animals have now all received U.S. patenting status. Europe views patenting of “man-made” life in much the same manner as the U.S. patent office.

TRIPS Agreement obliges member states to patent micro-organisms. Article 27.3 permits WTO member



countries to exclude two specific classes of subject matter from patentability:

- (1) diagnostic, therapeutic, and surgical methods for the treatment of humans or animals; and
- (2) plants and animals other than microorganisms, and essentially biological processes for the production of plants or animals other than non biological and microbiological processes.

Though the TRIPS agreement mandates patent protection for micro-organisms, it does not define micro-organisms; thus there is no standard definition for member nations to follow.

To comply with the World Trade Organization (WTO), Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, India amended the Patents Act, 1970 with effect from January 2005. The Indian Patent Act has now a specific provision in regard to patenting of micro-organisms and microbiological processes. It is now possible to get a patent for a microbiological process and also products emanating from such processes.

The most vital distinction between the legal practices of India and developed countries is that India does not allow patenting of micro-organisms which already exist in nature, as the same is considered to be a discovery as per the provisions of the Section 3(d) of the Patents Act, 1970 and therefore not patentable. But genetically modified versions of the same microorganisms that result in enhancement of its known efficacies are patentable.

Another requirement is sufficiency of disclosure which is very important. The Patents Act, 1970 stipulates that sufficient and clear description of the invention should be given. The Act or the Rule, however, does not stipulate any condition or procedure to meet the requirement of sufficiency of disclosure in the case of inventions involving use of biological material, which are very difficult to describe in words.

It has been the practice of the Patent Office from time immemorial to follow the practice adopted by the foreign patent offices by allowing the accession No., accorded by a depository institution either foreign or Indian in the patent specification to satisfy the requirement of sufficiency of disclosure of the invention desired to be patented.

It may be mentioned here that a system of depositing strain of microorganisms in some recognized depositories was evolved way back in 1949 in USA. An international treaty called "Budapest Treaty" was signed in Budapest in 1973 and later on amended in 1980. India became a member of this Treaty with effect from December 17, 2001. This is an international convention governing the recognition of deposits in officially approved culture collections for the purpose of patent applications in any country that is a party to this treaty. Because of the difficulties and virtual impossibility of reproducing a microorganism from a description of it in a patent specification, it is essential to deposit a strain in a culture collection centre for testing and examination by others.

Under the Patents Act, 1970 if the invention uses a biological material which is new, it is essential to deposit the same in the International Depository Authority (IDA) prior to the filing of the application in India in order to supplement the description. The description in the specification should contain the name and address of the International Depository Authority and date and number of deposition of Biological material. [Section 10(4) (d) (ii)]. If such biological material is already known, in such case it is not essential to deposit the same. There are many international depositories in different countries such as MTCC, DSM etc. which are recognized under the Budapest Treaty.

The Institute of Microbial Technology (IMTECH), Chandigarh is the first Indian depository set up under the Budapest Treaty. Very recently Microbial Culture Collection Centre (MCC), Pune (which is located in the NCCS, Pune) has been recognized International Depository Authority (IDA) under the Budapest Treaty on the International Recognition of the Deposit of Micro-organisms for the Purpose of Patent Procedure.

## THE BIODIVERSITY ACT, 2002

Pursuant to the CBD, India enacted the Biological Diversity Act in 2002, and notified Biological Diversity Rules in 2004, to give effect to the provisions of this Convention. The Act is implemented through a three- tiered institutional structure at the national, state and local levels. The National Biodiversity Authority (NBA) has been set up in October, 2003 in Chennai. As per Section 8(4) of the Act, the NBA consists of a Chairperson, five non-official and ten ex-officio members to be appointed by the Central Government to represent various Ministries.

The Biological Diversity Act, 2002 is an Act of the Parliament of India for preservation of biological diversity in India, and provides mechanism for equitable sharing of benefits arising out of the use of traditional biological resources and knowledge. The Act was enacted to meet the obligations under Convention on Biological Diversity (CBD), to which India is a party.

The is an Act to provide for conservation of biological diversity, sustainable use of its components and fair and equitable sharing of the benefits arising out of the use of biological resources, knowledge and for matters connected therewith or incidental thereto. Whereas India is rich in biological diversity and associated traditional and contemporary knowledge system relating thereto. And whereas India is a party to the United Nations Convention on Biological Diversity signed at Rio de Janeiro on the 5th day of June, 1992.

The vision of NBA is the conservation and sustainable use of India's rich biodiversity and associated knowledge with peoples participation, ensuring the process of benefit sharing for well being of present and future generations. The mission of NBA is to ensure effective implementation of Biological Diversity Act, 2002 and the Biological Diversity Rules 2004 for conservation of biodiversity, sustainable use of its components and fair and equitable sharing of benefits arising out of utilization of genetic resources.

The NBA inter-alia deals with all matters relating to requests for access by foreign individuals, institutions or companies, and transfer of results of research to any foreigner. The State Biodiversity Boards (SBBs) constituted by the State Governments deal with all matters relating to access by Indians for commercial purposes. The institutions of self-governments are required to set up Biodiversity Management Committees (BMCs) in their respective areas for conservation, sustainable use, documentation of biodiversity and chronicling of knowledge related to biodiversity.

### Biodiversity and Biological Resource

Biodiversity has been defined under Section 2(b) of the Act as "the variability among living organisms from all sources and the ecological complexes of which they are part, and includes diversity within species or between species and of eco-systems". The Act also defines, Biological resources as "plants, animals and micro-organisms or parts thereof, their genetic material and by-products (excluding value added products) with actual or potential use or value, but does not include human genetic material."

### National Biodiversity Authority and State Biodiversity Boards

The National Biodiversity Authority (NBA) is a statutory autonomous body, headquartered in Chennai, under the Ministry of Environment and Forests, Government of India established in 2003 to implement the provisions under the Act. State Biodiversity Boards (SBB) has been created in 28 States along with 31,574 Biological management committees (for each local body) across India.



### LESSON ROUND UP

- A software patent is generally defined as a patent that protects some programming technique. An early example of a software patent is that of United Kingdom.
- Most countries place some limits on the patenting of invention involving software, but there is no legal definition of a software patent.
- Patent laws of several countries favor patent protection for software innovation. Such countries include USA, Australia and Singapore, to name a few. However, many other countries, which include India and European nations, have more stringent laws concerning patent protection to software innovation.
- Most of the jurisprudence relating to software patents emanate from US, which is considered as the cradle of software patents.
- The Indian Patent Law does not contain any specific provision regarding the protection of computer software. Computer software on the other hand is protected by copyright as applicable to literary and aesthetic works.
- The recent expansion of the Internet and e-commerce has led to many patents being applied for and being granted for business methods implemented in software and the question of whether business methods are statutory subject matter is a separate issue from the question of whether software is.
- The Indian Patent Act as of now excludes only 'computer programs per se' from patentability. The issue of whether computer programs tied to certain hardware can be patented is a controversial one.
- After information technology, biotechnology is increasingly recognized as the next wave in the knowledge-based economy. Progress in the field of molecular biology, biotechnology and molecular medicine has highlighted the potential of biotechnology for the pharmaceutical industry.
- Prior to 1980 micro-organisms were clearly "products of nature" and as such were not considered patentable. In 1980, the US Supreme Court in *Anand Chakrabarty's case* ruled that genetically altered micro-organisms were indeed patentable based on some criteria laid down by the Court.
- TRIPS Agreement obliges member states to patent micro-organisms. The Indian Patent Act has now a specific provision regarding patenting of microorganisms and microbiological processes. It is now possible to get a patent for a microbiological process and also products emanating from such processes.

### SELF TEST QUESTIONS

*These are meant for re-capitulation only. Answers to these questions are not to be submitted for evaluation.*

1. How has a software patent been defined? Briefly discuss some of the important issues concerning software patenting.
2. Discuss the criteria of patentability of software in India and other jurisdictions.
3. Are micro-organisms and micro-biological processes patentable in India? Discuss.
4. How is the requirement of sufficiency of disclosure met in the case of micro-organisms?
5. Most countries place some limits on the patenting of inventions involving software. Discuss.



# Lesson 11

## Trademarks

### LESSON OUTLINE

- Introduction & Historical Perspective
- The Rationale of Protection of Trademark
- Definitions and Concept of Trademarks
- Different Kinds of Marks
- International Legal Instruments on Trademarks
- Indian Trademarks Law
- Registration of Trade Marks
- Procedure for Registration
- Opposition to Registration & Procedure
- Grounds for Refusal to Registration
- Infringement of Trade Marks
- Assignment & Transmission
- Offences Penalties
- International Conventions - Madrid Agreement
- Domain Names
- LESSON ROUND-UP
- SELF-TEST QUESTIONS

### LEARNING OBJECTIVES

A trade mark provides protection to the owner of the mark by ensuring the exclusive right to use it, or to authorize another to use the same in return for payment. The period of protection varies, but a trademark can be renewed indefinitely beyond the time limit on payment of additional fees.

In a larger sense, trade marks promote initiative and enterprise worldwide by rewarding the owners of trademarks with recognition and financial profit. Trade mark protection also hinders the efforts of unfair competitors, such as counterfeiters, to use similar distinctive signs to market inferior or different products or services. The system enables people with skill and enterprise to produce and market goods and services in the fairest possible conditions, thereby facilitating international trade.

With the advent of WTO, the law of trade marks is now modernized under the Trade Marks Act of 1999 along with the Rules thereunder and is in harmony with two major international treaties on the subject, namely, The Paris Convention for Protection of Industrial Property and TRIPS Agreement.

Trade marks being an important aspect of the intellectual property, students need to be well versed with the conceptual and legal framework, and procedural requirements relating to trade marks.

## INTRODUCTION

A trade mark (popularly known as brand name in layman's language) is a visual symbol which may be a word to indicate the source of the goods, a signature, name, device, label, numerals, or combination of colours used, or services, or other articles of commerce to distinguish it from other similar goods or services originating from another. It is a distinctive sign which identifies certain goods or services as those produced or provided by a specific person or enterprise. Its origin dates back to ancient times, when craftsmen reproduced their signatures, or "marks" on their artistic or utilitarian products. Over the years these marks evolved into today's system of trade mark registration and protection. The system helps consumers identify and purchase a product or service because its nature and quality, indicated by its unique trade mark, meets their needs.

A trade mark provides protection to the owner of the mark by ensuring the exclusive right to use it or to authorize another to use the same in return for payment. The period of protection varies, but a trade mark can be renewed indefinitely beyond the time limit on payment of additional fees. Trade mark protection is enforced by the courts, which in most systems have the authority to block trade mark infringement.

In a larger sense, trade marks promote initiative and enterprise worldwide by rewarding the owners of trade marks with recognition and financial profit. Trade mark protection also hinders the efforts of unfair competitors, such as counterfeiters, to use similar distinctive signs to market inferior or different products or services. The system enables people with skill and enterprise to produce and market goods and services in the fairest possible conditions, thereby facilitating international trade.

## Historical Perspective

The Indian Trade Marks Act, 1940 was the first statute law on trade marks in India. Prior to that protection of trade marks was governed by Common Law. Cases concerning trade marks were decided in the light of Section 54 of Specific Relief Act, 1877, while registration was secured by obtaining a declaration as to ownership under the Indian Registration Act, 1908. Some of the provisions of the first Trade Marks Act, 1940 came into force on 11.3.1940 and the rest became effective on 1.6.1942 (Gazette of India Extraordinary, 1942. p.684)

The said enactment was amended by the Trade Marks (Amendment) Act, 1941 and later by two other amendments. By the Trade Marks (Amendment) Act, 1943, the Trade Marks Registry, which was formerly a part of the Patent Office, Calcutta (now Kolkata) was separated from the Patent Office to constitute a separate Trade Marks Registry under a Registrar of Trade Marks at Bombay (now Mumbai). Thereafter, the Act was amended by the Trade Marks (Amendment) Act, 1946, to give effect to the reciprocal arrangement relating to trade marks between the Government of India and the then Indian States and further amendments introduced by Part B States Laws Act, 1951.

The Trade Marks Enquiry Committee, which was constituted by the Government of India in November 1953, recommended some changes, but since the report showed some divergence of opinion among the members, Mr. Justice Rajagopala Ayyangar (then a Judge of the Madras High Court, who later served and retired as a judge of the Supreme Court) was appointed by the Government of India to examine the Trade Marks Act, 1940, with reference to the report of the Trade Marks Enquiry Committee and to recommend as to what changes in the then law were necessary. On the basis of the report of Mr. Justice Ayyangar, the Trade Marks Act, 1940 was replaced by the Trade & Merchandise Marks Act, 1958. The Trade & Merchandise Marks Act, 1958 consolidated the provisions of the Trade Marks Act, 1940, the Indian Merchandise Marks Act, 1889 (which was in force since 1.4.1889) and the provisions relating to trade marks in the Indian Penal Code. The Trade & Merchandise Marks Act, 1958 was brought into force on 25th November 1959. Certain minor amendments were carried out by the Repealing & Amending Act, 1960 and the Patents Act, 1970. Thus, the history of legal protection to trade marks

in India is more than a century old.

### Harmonization with International Norms and Standards

The process of harmonization with International norms and standards started, when it was felt that a comprehensive review of the Trade & Merchandise Marks Act, 1958 be made in view of new developments in trading and commercial practices, increasing globalization of trade and industry, the need to encourage investment flows and transfer of technology and need for simplification and harmonization of trade mark management system in the country.

With the advent of WTO, the law of trade marks is now modernized under the Trade Marks Act of 1999 which provides for the registration of service marks and introduces various other provisions in conformity with the Trade Mark Law in developed countries.

In this context, the Trade Marks Bill, 1993 was introduced in the Lok Sabha on 19.5.1993, which was passed by the Lok Sabha on the lines recommended by the Standing Committee. However, as the Bill failed to get through the Rajya Sabha, it lapsed on the dissolution of the Lok Sabha. A new Bill titled as Trade Marks Bill, 1999 was introduced in Rajya Sabha and eventually passed by both the Houses of Parliament. The Bill received the assent of the President on 30.12.1999 and became an Act.

The Trade Marks Act, 1999 has been enacted as indicated in the Preamble to the Act to amend and consolidate the law relating to trade marks, to provide for registration and better protection of trade marks for goods and services and for the prevention of the use of fraudulent marks. It repealed the earlier Trade & Merchandise Marks Act, 1958.

The current law of trade marks contained in the Trade Marks Act, 1999 is in harmony with two major international treaties on the subject, namely, The Paris Convention for Protection of Industrial Property and TRIPS Agreement, to both of which India is a signatory.

Under the Trade Marks Act, the Controller -General of Patents, Designs and Trade Marks under Department of Industrial Policy and Promotion, Ministry of Commerce and Industry is the 'Registrar of Trade Marks'. The Controller General of Patents, Designs & Trade Marks directs and supervises the functioning of the Trade Marks Registry (TMR). The Trade Marks Registry administers the Trade Marks Act, 1999 and the Rules thereunder. The recent Trademark Rules in force are Trade Mark Rules, 2017. TMR acts as a resource and information centre and is a facilitator in matters relating to trade marks in the country. The main function of the Registry is to register trade marks which qualify for registration under the Act and Rules.

The salient features of the Trade Marks Act, 1999 *inter-alia* include:

- (a) Providing for registration of trade mark for services, in addition to goods.
- (b) Amplification of definition of trade mark to include registration of shape of goods, packaging and combination of colours.
- (c) All 42 international classification of goods and services (as earlier used) now applicable to India as well.
- (d) Recognition of the concept of "well-known trade marks".
- (e) Increasing the period of registration and renewal of trade marks from 7 to 10 years, to bring it in conformity with the accepted international practice.
- (f) Widening the scope of infringement of trademarks. For instance, use of a registered trademark as trade name or as a part of a trade name or use of a mark which is identical or deceptively similar to a registered trademark.

- (g) Creation of an “Intellectual property Appellate Board” for hearing appeals against orders and decisions of the Registrar of Trade Marks for speedy disposal of cases and rectification applications which hitherto lie before High Courts.
- (h) Criminal remedies in case of falsification of trademarks.
- (i) Recognition of use of trade mark by even an unregistered licensee.
- (j) Expeditious examination of a trade mark application on payment of five times the application fee.

The rights granted under the Act, are operative in the whole of India. The new Act also simplified the procedure for registration of registered user, enlarged the scope of permitted use and allowed the registration of “collective marks” owned by associations, etc. The Act empowers the Registrar to register certification trade marks. Earlier, this power was vested with the Central Government. Provision for enhanced punishment for the offences relating to trade marks on the lines of Copyright Act, 1957; restriction on sale of spurious goods; and use of someone else’s trade marks as part of corporate names, or name of business concern have also been incorporated in the new Act.

The new Act also has broadened the definition of infringement of a registered trade mark to include action against the unauthorized use of a confusingly similar mark, not only in respect of the goods and services covered by registration, as was previously the case, but also in respect of goods and services which are so similar that a likelihood of deception or confusion exists.

Civil suits can be instituted by any aggrieved person before a District Court, within the local limits of whose jurisdiction such aggrieved person actually and voluntarily resides or carries on business or personally works for gain. This new provision brings the trade mark law in line with the provisions for jurisdiction contained in the Copyright Act, 1957.

Under the Trade Marks Act, 1999 the Government of India is empowered to make rules for implementing the Act and regulating the trade marks Administration. Accordingly, the Government framed Trade Marks Rules, 2001. Subsequent to various amendments taken place in year 2002 and again in 2010, the trademark rules are now replaced with Trade Mark Rules, 2017.

#### Trade Mark Rules, 2017

The Trade Mark Rules, 2017 have been notified and have come into effect from March 6, 2017. These Rules, which replace the erstwhile Trade Mark Rules 2002, will streamline and simplify the processing of Trade Mark applications.

Some salient features of the revamped Rules are as follows:

- Number of Trade Mark (TM) Forms have been reduced from 74 to 8.
- To promote e-filing of TM applications, the fee for online filing has been kept at 10% lower than that for physical filing.
- Based on stakeholder’s feedback, the fees for Individuals, Start-ups and Small Enterprises have been reduced from that proposed in the draft Rules – i.e. only Rs 4,500 as against Rs 8,000 for e-filing of TM applications proposed at the draft stage.
- Modalities for determination of well-known trademarks have been laid out for the first time.
- The provisions relating to expedited processing of an application for registration of a trade mark have been extended right upto registration stage (hitherto, it was only upto examination stage).

- Over all fees have been rationalized by reducing the number of entries in Schedule I from 88 to just 23. Applicant categories introduced with inbuilt discount for small applicants.
- Modalities for service of documents from applicants to the Registry and vice-versa through electronic means have been introduced to expedite the process; e-mail has been made an essential part of address for service to be provided by the applicant or any party to the proceedings so that the office communication may be sent through email.
- Hearing through video conferencing has been introduced.
- Number of adjournments in opposition proceedings has been restricted to a maximum of two by each party, which will help dispose off matters in time.
- Procedures relating to registration as Registered User of trademarks have also been simplified.

### Concept of sound trade Marks introduced

It may be recalled that the examination time for a TM application has already been brought down from 13 months to just 1 month in January 2017; this is despite a stupendous 35% jump in TM filings in 2015-16 vis a vis the previous year. The new Rules should give a boost to the Intellectual Property Regime in India.

### Object of Trade Marks Law

The object of trade mark law has been explained by the *Supreme Court in Dau Dayal v. State of Uttar Pradesh AIR 1959 SC 433*, in the following words:

“The object of trade mark law is to protect the rights of persons who manufacture and sell goods with distinct trade marks against invasion by other persons passing off their goods fraudulently and with counterfeit trade marks as those of the manufacturers. Normally, the remedy for such infringement will be by action in Civil Courts.

But in view of the delay which is incidental to civil proceedings and the great injustice which might result if the rights of manufacturers are not promptly protected, the law gives them the right to take the matter before the Criminal Courts, and prosecute the offenders, so as to enable them to effectively and speedily vindicate their rights”.

The distinction between a trade mark and a property mark has been stated by the Supreme Court in the case of *Sumat Prasad Jain v. Sheoanam Prasad and Ors., AIR 1972 SC 413*. The Apex Court held:

“...Thus, the distinction between a trade mark and a property mark is that whereas the former denotes the manufacture or quality of the goods to which it is attached, the latter denotes the ownership in them. In other words, a trade mark concerns the goods themselves, while a property mark concerns the proprietor. A property mark attached to the movable property of a person remains even if part of such property goes out of his hands and ceases to be his.”

The trade mark law in India is a ‘first-to-file’ system that requires no evidence of prior use of the mark. A trademark application can be filed on a ‘proposed to be used or intent-to-use’ basis or based on use of the mark. The term ‘use’ under the Trade Marks Act, 1999 has acquired a broad meaning and does not necessarily mean the physical presence of the goods in India. Presence of the trade mark on the Internet and publication in international magazines and journals having circulation in India are also considered as use in India. One of the first landmark judgments in this regard is the “Whirlpool case” [N. R. Dongre v. Whirlpool Corporation, 1996 (16) PTC 583] in which the Court held that a rights holder can maintain a passing off action against an infringer on the basis of the trans-border reputation of its trade marks and that the actual presence of the goods or the



actual use of the mark in India is not mandatory. It would suffice if the rights holder has attained reputation and goodwill in respect of the mark in India through advertisements or other means.

## IMPORTANT DEFINITIONS IN THE TRADE MARKS ACT, 1999

### Trade Mark

A trade mark is a word, phrase, symbol or design, or combination of words, phrases, symbols or designs used in the course of trade which identifies and distinguishes the source of the goods or services of one enterprise from those of others.

As stated above, the definition of “trade mark” under Section 2(1)(zb) has been enlarged to mean a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from others and may include shape of goods, their packaging and combination of colours and covers both goods and services.

“Mark” includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof”. [Section 2(1)(m)].

Being an inclusive definition it will thus include any mark within the definition of trade mark so long as the mark is –

- capable of being represented graphically; and
- capable of distinguishing the goods or services of one person from those of others.

### Service

The new definition of ‘service’ has been included for the benefit of service-oriented establishments such as banking, communication, education, finance, insurance, chit funds, real estates, transport, storage, material treatment, processing, supply of electrical or other energy, boarding, lodging, entertainment, amusement, construction, repair, conveying of news or information and advertising .

A service mark is the same as a trade mark except that it identifies and distinguishes the source of a service rather than a product. Normally, a mark for goods appears on the product or on its packaging, while a service mark appears in advertising for the services.

The definition of “registered trade mark” under Section 2(1)(w) has been modified to mean a trade mark which is actually on the Register and remaining in force. The renewal of registration of a trade mark should be made for every ten years instead of seven years under the present Act.

### Certification Trade Mark

“Certification trade mark” means a mark capable of distinguishing the goods or services in connection with which it is used in the course of trade which are certified by the proprietor of the mark in respect of origin, material, mode of manufacture of goods or performance of services, quality, accuracy or other characteristics from goods or services not so certified and registrable as such under Chapter IX in respect of those goods or services in the name, as proprietor of the certification trade mark, of that person. [Section 2(1)(e)].

### Collective Mark

The new definition of ‘collective mark ‘ has been provided for the benefit of members of an association of persons (but not partnership) and such inclusion of ‘collective mark’ will benefit the traditional Indian family trade

marks.

“Collective mark” under Section 2(1)(g) of the Act means a trade mark distinguishing the goods or services of members of an association of persons (not being a partnership within the meaning of the Indian Partnership Act, 1932) which is the proprietor of the mark from those of others.

### Trade Description

Trade description under Section 2(1)(za) means any description, statement or other indication, direct or indirect :

- (i) as to the number, quantity, measure, gauge or weight of any goods;or
- (ii) as to the standard of quality of any goods or services according to a classification commonly used or recognized in the trade;or
- (iii) as to fitness for the purpose, strength, performance or behaviour of any goods, being “drug”, as defined in the Drugs and Cosmetics Act, 1940 or “food”, as defined in the Prevention of Food Adulteration Act, 1954; or
- (iv) as to the place or country in which or the time at which any goods or services were made, produced or provided, as the case may be;or
- (v) as to the name and address or other indication of the identity of the manufacturer or of the person providing the services or of the person for whom the goods are manufactured or services are provided;or
- (vi) as to the mode of manufacture or producing any goods or providing services;or
- (vii) as to the material of which any goods are composed;or
- (viii) as to any goods being the subject of an existing patent, privilege or copyright, and includes—
  - (a) any description as to the use of any mark which according to the custom of the trade is commonly taken to be an indication of any of the above matters;
  - (b) the description as to any imported goods contained in any bill of entry or shipping bill;
  - (c) any other description which is likely to be misunderstood or mistaken for all or any of the said matters;

### Well Known Trademark

Being a signatory to the Paris Convention and TRIPS, India recognizes the concept of a well known trade marks.

Under Section 2(1)(zg) of the Trade Marks Act, 1999 “well-known trade mark”, in relation to any goods or services, means a mark which has become so to the substantial segment of the public which uses such goods or receives such services that the use of such mark in relation to other goods or services would be likely to be taken as indicating a connection in the course of trade or rendering of services between those goods or services and a person using the mark in relation to the first-mentioned goods or services.

A mark, which has been designated as a well known mark, is accorded stronger protection. The Act casts an obligation on the Registrar to protect a well known mark against an identical or similar trade mark.

### Permitted Use

Section 2(1) (r) defines the term “permitted use”, in relation to a registered trade mark, as to mean the use of

trade mark-

- (i) by a registered user of the trade mark in relation to goods or services-
  - (a) with which he is connected in the course of trade;and
  - (b) in respect of which the trade mark remains registered for the time being;and
  - (c) for which he is registered as registered user;and
  - (d) which complies with any conditions or limitations to which the registration of registered user is subject;or
- (ii) by a person other than the registered proprietor and registered user in relation to goods or services
  - (a) with which he is connected in the course of trade;and
  - (b) in respect of which the trade mark remains registered for the time being;and
  - (c) by consent of such registered proprietor in a written agreement;and
  - (d) which complies with any conditions or limitations to which such user is subject and to which the registration of the trade mark is subject.

The definition of “Tribunal” under Section 2(1)(ze) has been modified to include “Appellate Board” in place of “High Court”. The word “High Court” has been deleted consequent to the provision to constitute Appellate Board in lieu of High Court, for appeals.

## THE REGISTRAR OF TRADEMARKS

Under Section 3 of the Trade Marks Act, 1999, the Central Government appoints Controller-General of Patents, Designs, and Trade Marks, as the Registrar of Trade Marks for the purposes of the Trade Marks Act 1999. Other officers may also be appointed by the Central Government under Section 3(2) for the purpose of discharging such functions of the Registrar as he may authorize them to discharge under his superintendence and direction.

## SINGLE REGISTER OF TRADEMARKS

Section 6 contains provisions relating to maintenance of a single Register of Trade Marks at the Head Office of the Trade Marks Registry and allows the maintenance of records in computer floppies or diskettes or in any other electronic form subject to the prescribed safeguards. Section 7 empowers the Registrar to classify goods and services according to International classification of goods and services for the purpose of registration of trade marks and to determine any question related thereto. Section 8 requires the Registrar to publish an alphabetical index of classification of goods and services.

## REGISTRATION OF TRADEMARKS

The process whereby a trade mark is entered on the register of the trade marks is referred to as registration.

Any person, claiming to be the proprietor of a trade mark used or proposed to be used by him, can apply for registration of a trade mark to the Trade Mark Registry under whose jurisdiction, the principal place of the business of the applicant falls, in the prescribed manner for the registration of his trade mark. In case of a company about to be formed, anyone may apply in his name for subsequent assignment of the registration in the company's favour.

The provisions contained in Chapter II starting from Rule 23 to 38 of the Trade Marks Rules, 2017 prescribe the detailed procedure for application of trade marks.

## Registration Procedure

The registration procedure in India is based on the 'first to file' system. It is therefore important that the rights holder applies for the registration of its mark as soon as possible. The registration of a trade mark in India typically takes about 2 to 3 years, subject to the trade mark not being opposed by a third party. The Office of the Controller General of Patents, Designs and Trade Marks is the appropriate office for filing of a trade mark application in India. This office has branches in Mumbai, Delhi, Chennai, Ahmedabad and Kolkata. A trade mark application may be filed in any of these offices based on the territorial jurisdiction. The different steps that are involved in the registration process in India are as follows: Chapter II of the TM Rules 2017 discusses in the detail the registration procedure of Trade Marks in India.

## Trade Mark Search

Before making an application for registration, it is prudent to make an inspection of the already registered trade marks to ensure that registration may not be denied in view of resemblance of the proposed mark to an existing one or prohibited one.

It is advisable that a common law search should also be conducted in order to ascertain if there are any third parties that might already be using the trade mark.

## Who May Apply for Trade Mark

As per Section 18 of the Trade Marks Act, 1999 any person "claiming to be the proprietor" of the trade mark 'used' or 'proposed to be used' by him may make an application in the prescribed manner for registration of his trade mark.

"Any person" is wide enough to include any individual, company, or association of persons or body of individuals, society, HUF, partnership firm, whether registered or not, Government, trust etc. [Section 3(42), General Clauses Act, 1897]

## Company

A company may make an application for registration of a trade mark in its own corporate name. In the case of a company incorporated outside India, the country of incorporation and the nature of registration, if any, is to be mentioned.

## Firm

A partnership firm shall make the application in the names of all trading within the firm partner. When including the name of a minor in the partnership, the name of guardian representing the minors should also be mentioned.

It has been held that if there is omission of the name of any partner in TM-1 (i.e. application to register a trade mark for a specification of goods or services) or corresponding new application form, the omission can be corrected when supported by necessary documents. Such corrections will not constitute change in the proprietorship of the mark. (*Vivekananda Match company v. Jupiter Match Works*, 1991 PTC 61). However, any new addition or deletion of name of a partner subsequent to the date of application will mean change in the partnership.

## Trust

Application may be made in the name of a trust, represented by its managing trustee/chairman etc.

### Government

The Central or State Government or any undertaking/company owned or controlled by such Government may also make application for registration of trade mark like any other person.

### Joint Applicant

Section 24 enables registration of two or more persons to be registered as joint proprietors of the trade mark, where the mark is used or proposed to be used in relation to goods or services connected with the joint applicants.

The trade mark law in India allows the proprietor to file a trade mark application only if they have a place of business in India. Should that not be the case, the rights holder will be required to file an application through a trade mark agent/attorney. The trade mark agent/attorney can do a trade mark search, prepare, file and prosecute the applications.

### Filing and Prosecuting Trade Mark Applications

As per Trade Marks Rules, an application for registration of a trade mark may be made on Prescribed Form with prescribed fee as provided in Schedule – I of Trade Mark Rules, 2017 at one of the five office of the Trade Marks Registry located at Mumbai, Delhi, Kolkata, Chennai and Ahmedabad depending on the place where the applicant resides or has his principal place of business. In the case of joint applicants, the principal place of business in India of the applicant will be that of the person whose name is first mentioned as having a place of business. If the applicant has no principal place of business in India, he should file the application at that office within whose territorial jurisdiction, the address for service in India given by him (as per mandatory provision in Rule 18) is located. No change in the principal place of business in India or in the address for service in India shall affect the jurisdiction of the appropriate office once entered (Rule 5).

Furthermore, trade mark applications can be filed electronically through the website ([www.ipindiaonline.gov.in/etmr/](http://www.ipindiaonline.gov.in/etmr/)).

### Fees for Trade Mark Applications

As per **First Schedule of Trade Mark Rules 2017**, fees and forms for registration of Trade Marks is described as below<sup>1</sup>:

Entry No	On what payable	Amount in INR.		Corresponding Form Number
		For Physical filing	For E-filing	
1	Application for registration of a trademark / collective Marks / Certification Mark / Series of trademark for specification of goods or services included in one or more than one classes.			TM-A

1. See, <http://www.ipindia.nic.in/form-and-fees-tm.htm>. Last Accessed, September 10, 2018.

	Where the applicant is an Individual / Startup/Small Enterprise	5,000	4,500	
	In all other cases ( <b>Note: Fee is for each class and for each mark</b> )	10,000	9,000	
2	On a notice of opposition under section 21(1), 64, 66 or 73 or application for rectification of register under section 47 to 57, 68, 77 or application under rule 99, 103, 135, 140 or On application under section 25 of Geographical Indication of Goods (Regulations and Protection) Act, 1999 to invalidate a trademark or counter statement related thereto. (Note: Fee is for each class opposed or counter statement filed)	3,000	2,700	TM-O
3	For renewal of registration of a trademark under section 25 for each class	10,000	9,000	TM-R
		Application for renewal with surcharge of registration of a Trademarks under section 25 (3) for each class Application for renewal with surcharge/ restoration and renewal of a Trademarks under section 25 (3), 25 (4) for each class	5,000 Plus renewal fee applicable under entry 3 10,000 Plus renewal fee applicable under entry 3	4,500 Plus renewal fee applicable under entry 3 9,000 Plus renewal fee applicable under entry 3
4	On application under section 45 to register a subsequent proprietor in case of assignment or transfer for each trademark	10,000	9,000	TM-P
		On application for: Certificate of the Registrar under section 40(2), or For approval of the Registrar under section 41, or Direction of the Registrar for advertisement of Assignment without goodwill under section 42, or Add or alter a registered trademark under section 59(1) for each trademark, or Conversion of specification under Section 60 for each trademark.	3,000	2,700

		On application for: Extension of time for applying for direction under section 42 for advertisement of assignment without goodwill, or Extension of time for registering a company as subsequent proprietor of trademarks under section 46(4), or Consent of Registrar to the assignment or transmission of a certification trademark under section 43, or Change a name and / or description of a registered proprietor or a registered user of a trademark under section 58 for each trademark.	2,000	1,800
		On application for: Dissolution of association between trademark under section 16(5), or Change in address or address for service in India of Registered Proprietors under section 58 for each trademark, or Request for cancellation of an entry in the register or part thereof under section 58 for each trademark.	1,000	900
5	Application under section 49 to a registered user of a registered trademark in respect of goods or services Or On application under clause (a) of sub-section (1) of section 50 to vary the entry of a registered user of one trademark where the trademarks are covered by the same registered user in respect of each of them Or On application under clause (b), (c) or (d) of sub-section (1) of section 50 for cancellation of entry of a registered user of one trademark Or On notice	5,000	4,500	TM-U



	under rule 95 (2) of intention to intervene in one proceeding for the variation or cancellation of entries of a registered user of a trademark (Note: applicable fee is for each mark)			
6	Request for search and issue of certificate under rule 22(1)	10,000	9,000	TM-C
		Request for an expedited search and issuance of certificate under rule 22(3)	Not allowed	30,000
7	On application for: Extension of time, or Certified copy, or Duplicate Registration Certificate, or inspection of document, or Particulars of advertisement to registrar, or seeking grounds of decision of Registrar, or Enter in the register and advertise a note of certificate of validity under rule 127, Amendment in trademark application, or Particulars of advertisement of a trademark to Registrar under rule 41.	1000	900	TM-M
		On application for: Deposition of regulation of collective trademark under section 66 or alteration of regulation of certification trademark under section 74(2), or Seeking Registrar	2,000	1,800

**First Schedule: Trade Mark Rules 2002** prescribed the forms and fees as below:

Entry No	On what payable	Amount Rs.	Corresponding Form Number
1	On application to register a trade mark for a specification of goods or services included in one class [Section 18(1)]	3500.0	TM-1
2	On application to register a textile trade mark (other than a certification trade mark or a collective mark) consisting exclusively of numerals or letters or any 66 or 73 for each class opposed	3500.0	TM-22

13	On application for extension of time for filing notice of opposition under section 21(1)	500.00	TM-44
14	On a counter statement in answer to a notice of opposition under section 21, for each application opposed, or in answer to an application under any of the section 47 or 57 in respect of each trade mark or in answer to a notice of opposition under section 59 or rule 101 for each application or conversion opposed	1000.00	TM-6
15	On notice of intention to oppose hearing under any of the section 21, 47, 57 and 59 by each party to the proceeding concerned	500.0	TM-7
16	On application under section 16(5) to dissolve the association between registered trade marks	500.00 for each dissolution	TM-14
17	For renewal under section 25 of the registration of a trade mark at the expiration of the last registration not otherwise charged	5,000.0	TM-12
18	For renewal under section 25 of the registration of a series trade mark at the expiration of the last registration- For the first two marks of the series of each separate class For every additional mark of the series of each separate class	5,000.0 2500.0	TM-12
19	For renewal under section 25 of a single application of a trade mark for goods or services in more than one class-in respect of every class	5,000.0 for each class	TM-12
20	For renewal under section 25 of the registration of a collective mark/certification trade mark	20,000.0	TM-12
21	On application under section 25(4) for restoration of a trade mark removed from the register	5000.0	TM-13
22	On application for renewal under proviso to section 25(3) within six months from the expiration of last registration of the trade mark	3000.00 as surcharge	TM-10
23	On application for certificate of the Registrar under section 40(2) For the first mark proposed to be assigned For every additional mark of the same proprietor included in that assignment	2500.0 500.0	TM-17
24	On application for approval of the Registrar under section 41 For the first trade mark For every additional mark of the same proprietor included in the same transfer	2500.00 500.00	TM-19
25	On application under section 42 for direction of a Registrar for advertisement of assignment without goodwill of a trade mark in use For the first mark assigned For every additional mark assigned with the same devolution of title	2500.00 2500.00 500.00	TM-20

26	On application for extension of time for applying for directions under section 42 for advertisement of assignment without goodwill of trade mark in use in respect of devolution of title Not exceeding one month Not exceeding two month Not exceeding three month	500.00 1000.00 1500.00	TM-21
27	On application under section 45 to register a subsequent proprietor in a case of assignment or transfer of a single trade mark	5000.0 7500.0	TM-23
	If made within six months from the date of acquisition of proprietorship If made after expiration of six months but before 12 months from the date of acquisition of proprietorship If made after 12 months from date of acquisition of proprietorship	10,000.00	TM-23
28	On application under section 45 to register a subsequent proprietor of more than one trade mark registered in the same name, the devolution of title being the same in each case:	5000.00 1000.00	TM-23 OR TM-24
	If made within six months from the date of acquisition of proprietorship For the first mark	7500.00	TM-23 OR TM-24
	For every additional mark	1500.00	TM-23 OR TM-24
	If made after the expiration of six months but before twelve months from the date of acquisition of proprietorship:	10,000.00 2000.00	TM-23 OR TM-24
	For the first mark For every additional mark If made after expiration of twelve months from the date of acquisition of proprietorship: For the first mark For every additional mark		
29	On application under section 46(4) for extension of time for registering a company as subsequent proprietor of trade marks on one assignment : Not exceeding two month Not exceeding four month Not exceeding six month	500.00 1000.00 1500.00	TM-25
30	On application under any of the sections 47 or 57 for rectification of the register or removal of a trade mark from the register or cancellation of a registered collective mark or a certification trade mark	3000.00	TM-26
31	On application under rule 94 for leave to intervene in proceeding under any of the sections 47 or 57 for rectification of the register or removal of trade mark from the register or under rule 133 or 139 in respect of a collective mark or certification trade mark	500.0	TM-27
32	On application under section 49 to register a registered user of a registered trade mark in respect of goods or services within the specification thereof	5000.00	TM-28

33	On application under section 49 to register the same registered user of more than one registered trade mark of the same registered proprietor, where all the trademarks are covered by the same registered user agreement in respect of goods or services within the respective specification thereof and subject to the same conditions and restrictions in each case: For the first mar For every additional mark of the proprietor included in the application, and in the registered user agreement	5000.00 3000.00	TM-28
34	On application under clause (a) of sub-section 1 of section 50 to vary the entry of a registered user of one trade mark where the trademarks are covered by the same registered user in respect of each of them: For the first mar For every additional mark included in the application	5000.00 2500.00	TM-29
35	On application under clause (b) of sub-section (1) of section 50 for cancellation of the entry of a registered user of one trade mark Where the application includes more than one trade mark For the first mark For every additional mark included in the application	2500.00 2500.00 500.00	TM-30
36	On application under clause (c) or (d) of sub-section (1) of section 50 to cancel the entry of a registered user of one trade mark: Where the application includes more than one trade mark: For the first mar For every additional mark included in the application	5000.00 5000.00 2000.00	TM-31
37	On notice under rule 90(2 ) of intention to intervene in one proceeding for the variation or cancellation of entries of a registered user of a trademark	500.00	TM-32
38	On application under section 58 to change the name or description of a registered proprietor or a registered user of a trade mar where there has been no change. In the proprietorship or in the identity of the registered user (except where the application is made as a result of an order of a public authority or in consequence of a statutory requirement as per law in India where the application includes more than one trade mark For the first trade mar For every additional mark included in the application	1000.00 1000.00 1000.00 500.00	TM-33
39	On application under section 58 to alter an entry of the address of a registered proprietor or of a registered user of a trade mark unless exempted from fee under rule 96(3) Where the application include more than one trade mark - and where the address in each case is the same and is altered in the same way For the first entry For every other entry included in the application	500.00 500.00 200.00	TM-34
40	On application to make an entry of an address for service in India of a registered proprietor or a registered user of a trade mark where the application include more than one trade mark and the address for service to be entered is the same in each case For the first entry For every other entry included in the application	500.00 200.00 500.00	TM-50

41	On application to alter or substitute an entry of an address for service in India in the register unless exempted from fee under rule 96(3) Where the application includes more than one trade mark and the address in each case is the same and is altered or substituted in the same way For the first entry For every other entry included in the application	500.00 500.0 200.00	TM-50
42	On application under clause (c) of sub-section (1) of section 58 for cancelling the entry or part thereof from the register or under clause (d) to strike out goods or services from the register	200.00	TM-35 OR TM-36
43	On application under section 59(1) for leave to add or alter a registered trade mark (except where the application is made as a result of an order of a public authority or in consequence of statutory requirement) Where the application includes more than one trade mark and the addition or alteration to be made in each case being the same For the first mar For every other mark included in the application	2500.00 2500.00 1000.00	TM-38
44	On notice of opposition under sub-section (2) of section 59 to an application for leave to add or to alter a registered trade mark for each application oppose	1500.00	TM-39
45	On application under section 60 for conversion of specification	1000.00	TM-40
46	On notice of opposition in each separate class under sub-section 2 of section 60 to a conversion of the specification or specifications of a registered trade mark For the first mar For every additional mark included in the notice of opposition	1500.00 1500.00 700.00	TM-41
47	On application under section 66 for amendment of the deposited regulations of a collective mark or alteration under section 74(2) for the regulation of a certification trade mark Where the marks are entered in the register as associated trade marks For the regulation of one registration For the same or substantially same regulation of each additional registration proposed to be altered in the same way and included in the same application	1000.00 1000.00 200.00	TM-42
48	On application under section 68 to remove the registration of a collective mark or cancel or vary the registration of a certification trade mark under section 7	1000.00	TM-43
49	Deleted		
50	On request for the Registrar's preliminary advice under section 133(1) for a trade mark in respect of one class	1000.00	TM-55
51	On request for certificate of the Registrar under section 137( other than a certificate under section 23(2))	500.00	TM-46
52	On request for certificate of the Registrar [other than certificate under section 23(2)] of the registration of a series of the trade mark under section 15 for each class	500.00	TM-46

53	On request for a certified copy of any entry in the register or of any document under section 148(2)	500.00	TM-46
54	On request to enter in the register and advertise a note of certificate of validity, under rule 124 in respect of one mark in a class	200.00	TM-47
55	On request, not otherwise charged for correction of a clerical error or for amendment under section 18(4), 22 and 58, except where the request is made as a result of an order of a public authority or in consequence of a statutory requirement as per law in India	500.00	TM-16
56	On application for extension of time for a month or part thereof under section 131 [not being a time expressly provided in the Act or prescribed by rule 79 or by rule 80(4)]	500.00	TM-56
57	On application for review of the Registrar's decision under section 127 (c)	2000.00	TM-57
58	On petition (not otherwise charged) for obtaining Registrar's order on any interlocutory matter in a contested proceeding	2500.00	
59	On request to Registrar for particulars of advertisement of a mark under rule 46	250.00	TM-58
60	For inspecting the documents mentioned in section 148(1): relating to any particular trade mark for every hour or part thereof search of index mentioned in section 148 for every hour or part thereof	200.00 200.00	
61	For copying of documents, (photocopy or typed) for every page of part thereof in excess of one page	5.00 per page (subject to a minimum of Rs. 5.00)	
62	On request for a duplicate or further copy of certificate rule 62(3)	500.00	TM-59
63	On a counter statement in answer to a notice of opposition in respect of a collective trade mark or a certification trade mark under section 64, 66,73 or 77	1500.00	TM-9
64	For search and issue of certificate under rule 24(3)	5000.00	TM-60
65	On application under sub-section (b) of section 25 of Geographical Indications of Goods (Registration and Protection )Act, 1999 to refuse or invalidate the registration of a trade mark which conflicts with or which contains or consists of a geographical indication identifying goods or class or classes of goods notified under sub-section (2) of section 22 of the said Act	3000.00	TM-74

66	On application under sub-section (a) of section 25 of Geographical Indications of Goods (Registration and Protection) Act, 1999 to refuse or invalidate the registration of a trade mark containing or consisting of a geographical indicating not originating in the territory of a country or a region or locality in that territory which the geographical indication indicates	3000.00	TM-73
67	Notice of intention to attend hearing under section 64, 66, 73 or 77 in respect of a collective mark or in respect of a certification trade mark, as the case may be	500.00	TM-7
68	On a request to divide an application or to divide a single application under proviso to section 22	1000.00 plus appropriate class fee	TM-53
69	On application under sub-rule 16 of rule 25 towards inclusion of specification of goods or services in excess of five hundred characters at the time of filing of application as excess space fee	10.00 per character	TM-61
70	On application under section 43, rule 140(2) for consent of Registrar to the assignment or transmission of certification trade mark	1000.00	TM-62
71	On application under rule 38(1) for the expedited examination of an application for the registration of a trade mark	12,500.00	TM-63
72	On application under section 63(1) to register a collective mark of a specification of goods or services included in a class from a convention country under section 154(2)	10,000.00	TM-64
73	On application under section 71 to register a certification trade mark for a specification of goods or services included in class from a convention country under section 154(2)	10,000.00	TM-65
74	On request for an expedited certificate of the Registrar (other than a certificate under section 23(2) of the Act) or certified copies of documents under proviso to rule 119	2500.00	TM-7
75	Delete		
76	On request for an expedited search and issuance of a certificate under rule 24(5)	25000.00	TM-72
77	On application for registration as a trade mark agent under 152	1000.00	TMA-1



78	For registration of a person as a trade mark agent under rule 154	1000.0	
79	For continuance of the name of a person in the Register of Trade Marks Agents under rule 156: For every year (excluding the first year) to be paid on the 1 <sup>st</sup> April, in each year For the first year to be paid along with the fee or registration, in the case of a person registered at any time between the 1 <sup>st</sup> April, and 30th September N.B. A year for this purpose will commence on the 1 <sup>st</sup> day of April, and end on the 31 <sup>st</sup> day of March following	1000.00 1000.00	
80	On application for restoration of the name of a person to the Register of trade marks agents under rule 159	1000.00 plus continuance fee under entry no. 79	TMA-2
81	On application for an alteration of any entry in the Register of Trade Marks Agent under rule 160	200.00	TMA-3
82	For each addition to the registered entry of a trade mark that may be associated with a newly registered mark under section 16(1)	500.00	
83	On a single application under section 18(2) for the registration of a collective mark for different classes of goods or services	10,000.00 for each class	TM-66
84	On a single application under section 18(2) for the registration of a collective mark for different class of goods or services from a convention country	10,000.00 for each class	TM-67
85	On a single application under section 18(2) for the registration of a certification trade mark for different class of goods or services	10,000.00 for each class	TM-68
86	On a single application under section 18(2) for the registration of a certification trade mark for different class of goods or services from a convention country under section 154(2)	10,000.00 each class for	TM-69
87	On request for search and issuance of a certificate pursuant to clause (ii) of sub-section (2) of section 20 of the Companies Act, 1956	5000.0	TM-75

### Review by the Trade Marks Office

After the application has been filed, the Trade Marks Office reviews it to ensure that it is complete in all respects and thereafter allots an application number to the applications. If the trade mark is registered, the application number becomes the registration number.

### Preliminary Approval and Publication, Show Cause Hearing or Rejection of the Application

During the process of examination, the Trade Marks Office determines if the trade mark is barred for registration either under absolute grounds for refusal and/or relative grounds for refusal as prescribed in the Trade Marks Act, 1999. Accordingly, they issue an examination report and the Applicant must respond to the objections that have been raised in the examination report within a period of one month from the issuance of the examination

report. Thereafter and based on the response to the examination report that has been filed by the Applicant, the Registrar of Trade Marks determines if the application should be refused, accepted for advertisement, accepted subject to certain limitations or put up for a “show cause” hearing, during which the application might be accepted, rejected or accepted subject to certain limitations. Should the application be rejected, the Applicant can approach the Intellectual Property Appellate Board to appeal the order of the Registrar of Trade Marks.

### Registration

Within three months of the publication of the trade mark in the Trade Marks Journal, should the trade mark not be opposed by a third party, it will proceed for registration and the Trade Marks Registry will accordingly issue a registration certificate.

### Requisites for Registration

The Trade Marks Act, 1999 does not expressly list any requisites for registration. The requirements for registration and the definition of trade mark have converged. Instead of detailing requisites for registration, grounds for refusal are listed in Section 9(1), (2) and (3) & Section 11 which conversely are requisites for registration. Most of the substantive law laid down by the Trade & Merchandise Marks Act, 1958 remains valid and would hold the ground for administering the provisions of Trade Marks Act, 1999. From previous operation of trade mark law, four categories of trade marks were made out i.e., names, signatures, words and other distinctive marks. Most of the principles relating thereto would hold good under the new dispensation.

Now any mark which is a trade mark may be registered for any goods or services if it is not hit by any of the two kinds of grounds for refusal or other specific prohibitions. The first requisite is that it should be a trade mark within the meaning of Trade Marks Act, 1999 which concept itself imports many conditions as has been mentioned earlier in the legal concept of trade mark. There emerge many conditions from the definition of trade mark in Section 2(1)(zb). The identification and distinguishing functions performed by the trade mark must be fulfilled by the trade mark sought to be registered in India. That the trade mark is registered in any other member country of Paris Convention\* or has been refused to be registered is not a factor to be considered in relation to registration of the trade mark. Explanation to Section 9 has been inserted to dispel the fears in relation to fulfillment of Article 7 of the Paris Convention.

The next pre-requisite—distinctive character emerges from the presence of words “capable of distinguishing goods of one person from those of others...” in the definition of trade mark in Section 2(1)( zb). A mark shall be trade mark only if, in addition to fulfilling other conditions in the definition of trade mark, also satisfies the requirement of distinctive character. The term ‘distinctiveness’ has been changed to distinctive character, which would bring jurisprudence of distinguishing function of the trade mark in conformity with international practice. The Trade Marks Act, 1999, as in earlier laws also, recognizes that distinctive character may be inherent or acquired.

### Capable of Distinguishing the Goods or Services

A mark which has a direct reference to the character or quality of the goods/services is considered as inherently not capable of distinguishing. If the reference to the character or quality is only indirect or suggestive, the mark may be considered as possessing sufficient degree of inherent capacity to distinguish. As under the old law in determining whether a trade mark is capable of distinguishing, the tribunal should have regard to the extent to which the mark is inherently capable of distinguishing and also the extent to which it is in fact capable of distinguishing by virtue of use of the mark or of other circumstances. The fundamental principle is that “traders should not obtain any monopoly in the use of words as trade marks to the detriment of the members of the

public, who, in the future and in connection with their goods might desire to use them". [York Trade Mark 1982 FSR 101(House of Lords)]

Thus, the legal requirements to register a trade mark under the Act are:

- The selected mark should be capable of being represented graphically (that is in the paper form).
- It should be capable of distinguishing the goods or services of one undertaking from those of others.

It should be used or proposed to be used as a mark in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods or services and some person having the right either as proprietor or by way of permitted user, to use the mark whether with or without any indication of the identity of that person.

### Duration and Renewal of Trade Mark Registration

Trade mark protection in India is perpetual subject to renewal of the registration after every 10 years. The application for renewal can be filed six months before the expiry of the validity period of the trade mark.

Section 25 of the Act allows registration of a trade mark for a period of 10 years. In keeping with the generally accepted international practice and to reduce the work-load of the Trade Marks Office, Section 25 allows renewal of registration for successive periods of 10 years, from the date of the original registration or the last renewal. With a view to facilitate renewal of registration, Section 25(3) provides for a grace period of one year for payment of renewal fee after expiry of registration, subject to the payment of the prescribed surcharge. Sub-section (4) provides for restoration of the trade marks to the register and renew the registration on payment of renewal fees.

Unlike patents, copyright or industrial designs, trade mark rights can last indefinitely if the owner continues to use the mark. However, if a registered trade mark is not renewed, it is liable to be removed from the register.

Should the rights holder of a trade mark come across a trade mark that is deceptively similar to their mark and which has been published in the Trade Marks Journal, they can oppose the impugned mark within three months of the publication of the journal.

A trader acquires a right of property in a distinctive mark merely by using it upon or in connection with his goods irrespective of the length of such user and the extent of his trade. Priority in adoption and use of a trade mark is superior to priority in registration [*Consolidated Foods Corporation v. Brandon & Co. Pvt. Ltd.*, AIR 1965 Bom.35].

The Supreme Court in *Commissioner of Income-tax v. Finlay Mills Ltd.*, AIR 1951 SC 464, has held that the expenditure incurred on registration of trade mark is capital expenditure thus allowable deduction under the Income-tax Act.

In *Ramdev Food Products (P) Ltd. v. Arvind Bhai Rambai Patel*, 2006 (8) SCC 726, the Apex Court held that the registration of trade marks is envisaged to remove any confusion in the minds of the consumers. If, thus, goods are sold which are produced from two sources, the same may lead to confusion in the mind of the consumers. In a given situation, it may also amount to fraud on the public. A proprietor of a registered trade mark indisputably has a statutory right thereto. In the event of such use by any person other than the person in whose name the trade mark is registered, he will have a statutory remedy in terms of Section 21 of the Trade & Merchandise Marks Act, 1958. Ordinarily, therefore, two people are not entitled to the same trade mark, unless there exists an express licence in that behalf.

## OPPOSITION TO REGISTRATION

Section 21 provides that “any person” may give a Notice of Opposition to the application for registration of a trade mark whether he has or has not any commercial or personal interest in the matter. The person need not be a prior registered trade mark owner. He can be a customer, a purchaser or member of the public likely to use the goods. The question of *bona fides* of the opponent does not arise.

Essential requirements for filing Notice of Opposition:

- In all cases (whether an ordinary trade mark, collective mark or certification mark), the Notice of Opposition should be on the prescribed form TM-5, accompanied by the prescribed fee of Rs. 2,500.
- It should be filed at the appropriate office – see rule 8
- The provisions of rule 18 regarding ‘address for service’ must be complied with, where necessary.
- The Notice of Opposition should contain particulars as prescribed in Rule 48, which runs as follows:

A Notice of Opposition shall contain,-

- (a) in respect of an application against which opposition is entered-
  - (i) the application number against which opposition is entered;
  - (ii) an indication of the goods or services listed in the trade mark application against which opposition is entered; and
  - (iii) the name of the applicant for the trademark.
- (b) in respect of the earlier mark or the earlier right on which the opposition is based,-
  - (i) where the opposition is based on an earlier mark, a statement to that effect and an indication of the status of earlier mark;
  - (ii) where available, the application number or registration number and the filing date, including the priority date of the earlier mark;
  - (iii) where the opposition is based on an earlier mark which is alleged to be a well-known trade mark within the meaning of sub-section (2) of section 11, an indication to that effect that an indication of the country or countries in which the earlier mark is recognized to be wellknown.
  - (iv) Where the opposition is based on an earlier trade mark having a reputation within the meaning of paragraph (b) of sub-clause (2) of section 11 of the Act, an indication to that effect and an indication of whether the earlier mark is registered or applied for;
  - (v) A representation of the mark of the opponent and where appropriate, a description of the mark or earlier right, and
  - (vi) Where the goods or services in respect of which earlier mark has been registered or applied for an in respect of which the earlier mark is well-known within the meaning of sub-section (2) of section 11 or has a reputation within the meaning of that section, the opponent shall when indicating all the goods or services for which the earlier mark is protected, also indicate those goods or services on which the opposition is based.
- (c) in respect of the opposing party-
  - (i) where the opposition is entered by the proprietor of the earlier mark or of the earlier right, his

name and address and an indication that he is the proprietor of such mark or right;

- (ii) where opposition is entered by a licensee not being a registered user, the name of the licensee and his address and an indication that he has been authorized to enter the opposition.
- (iii) where the opposition is entered by the successor in title to the registered proprietor of a trade mark who has not yet been registered as new proprietor, an indication to that effect, the name and address of the opposing party and an indication of the date on which the application for registration of the new proprietor was received by the appropriate office or, where this information is not available, was sent to the appropriate office; and
- (iv) where the opposing party has no place of business in India, the name of the opponents and his address for service in India.

### Grounds of Opposition

Section 21, which provides for filing Notice of Opposition, does not refer to any ground on which the opposition may be filed. The opponent is thus at liberty to set up any ground which may support his opposition against the registration of the trade mark under any of the provisions of the Trade Marks Act, 1999 and the Rules prescribed thereunder.

However, under section 11(5), a trade mark shall not be refused registration on the grounds specified in sub-section (2) and (3), unless objection on any one or more of those grounds is raised in opposition proceedings by the proprietor of the earlier trade mark.

In this connection, it is to be noted that section 9 contains 'absolute grounds for refusal of registration' and section 11 contains provision for 'relative grounds for refusal of registration'. [See also section 12, section 13, section 14 and section 18, which may form grounds of opposition].

The following is a list of possible grounds for opposition to the registration.

- (1) That the trade mark advertised is not registrable in that it is neither distinctive nor capable of distinguishing or that it does not satisfy the requirements of the Act as to registrability;
- (2) The essential part of the said trade mark is a word in ordinary use, descriptive of the character or quality of the goods and the applicant is not entitled to acquire an exclusive right therein by registration;
- (3) That the trade mark is not capable of being represented graphically;
- (4) That the trade mark is devoid of distinctive character, that is to say, not capable of distinguishing the goods, or services of one person from those of another person;
- (5) That the trade mark consists exclusively of marks of indication which may serve to designate the kind, quality, intended purpose, values, geographical origin or the time of production of the goods or rendering of the services or other characteristics of the goods or services (mark which is directly descriptive of the character or quality of the goods or services or indicating geographical origin);
- (6) That the trade mark consists exclusively of marks or indications which have become in the current language or in the bona fide and established practice of the trade (may refer to generic names or marks common to the trade);
- (7) That the trade mark is of such a nature as to deceive the public or cause confusion;
- (8) That the trade mark contains or comprises of any matter likely to hurt the religious susceptibilities of any class or section of the citizens of India;

- (9) That the trade mark comprises or contains scandalous or obscene matter;
- (10) That the trade mark is:
  - (a) identical with or similar to an earlier trade mark, and
  - (b) is to be registered for goods or services which are not similar to those for which the earlier trade mark is registered in the name of a different proprietor, and the earlier trade mark is a well known trade mark in India and the use of the later mark without due cause would take unfair advantage of or be detrimental to the distinctive character or repute of the earlier trademark;
- (11) That the use of the applicant's mark would be an infringement of the opponent's registration which could be restrained by the Court and the mark is therefore disentitled to protection in a Court;
- (12) That the applicants are not entitled to registration under s. 12 of the Act;
- (13) That the user claimed in the application for registration is not true;

## **GROUNDS FOR REFUSAL TO REGISTRATION**

### **Absolute Grounds**

Section 9(1) to (3) of the Act lists the absolute grounds for refusal of registration. Section 9(1) prohibits the registration of those trade marks-

- (a) which are devoid of any distinctive character, that is to say, not capable of distinguishing the goods or services of one person from those of another person;
- (b) which consist exclusively of marks or indications which may serve in trade to designate the kind, quality, quantity, intended purpose, values, geographical origin or the time of production of the goods or rendering of the service or other characteristics of the goods or services; or
- (c) which consist exclusively of marks or indications which have become customary in the current language or in the bona fide and established practice of the trade.

However, a trade mark shall not be refused registration, if the mark has in fact acquired a distinctive character as a result of the use made of it or is a well known trade mark before the date of application for registration.

The basis of Section 9(1) is that a trader should not obtain a statutory monopoly through registration in a word which another trader might legitimately wish to use. A competitor should of course be entitled to make *bonafide* use of the word, to describe his goods or the place of manufacture. If a word, however, through use has become clearly associated in public mind with the goods/service of a particular trader, then it could not be legitimately used as a trade mark by a competitor. For this purpose the onus is on the applicant to show by cogent evidence that the trade mark, by reason of use has acquired distinctiveness in relation to his goods or services.

If a trade mark is devoid of distinctive character, the same can not be registered. In *Ambalal Sarbhai Enterprises Limited v. Tata Oil Mills Company Limited 1988 OTC 73 Bom*, it was held that the word PROMIX was distinctive. The Court held that even though there are many trade marks in the register with the prefix PRO which is common to the trade, the applicants have particularly coined the word PROMIX and the same was not known earlier. Applicants are the proprietors of a series of trade marks having prefixed PRO as a leading distinguishing feature. Their trade mark is distinctive and so can be registered under the Act.

Length of user is a material factor to acquire distinctiveness in a trade mark (*Durga Dutt Sarma v. Navaratna Pharmaceutical Laboratories, AIR 1962 Ker 156*). This view was affirmed in *Kaviraj Pandit Durga Dutt Sharma*



*v. Navaratna Pharmaceuticals Laboratories, AIR 1965 SC 980.* The Apex Court held that the length of user would, of course, be a material factor for the mark to become distinctive.

*F. Hoffmann La Roche and Co. Ltd. v. Geoffrey Manners and Co. Pvt. Ltd., AIR 1970 SC 2062*, the Supreme Court held that if the word DROPOVIT is not a descriptive word it must be an invented word. It is true that the word DROPOVIT is coined out of words commonly used by and known to ordinary persons knowing English. But the resulting combination produces a new word, a newly coined word which does not remind an ordinary person knowing English of the original words out of which it is coined unless he is so told or unless at least he devotes some thought to it. It follows that the word DROPOVIT being an invented word, is entitled to be registered as a trade mark and is not liable to be removed from the Register on which it already exists. [See also *Eastman Photographic Materials v. The Comptroller General, (1898) 15 RPC 476; Nestle v. Thankaraja, AIR 1978 Mad336*].

In *Mahendra & Mahendra Paper Mills Ltd. v. Mahindra & Mahendra Ltd., AIR 2002 SC 117*, the Supreme Court observed.

“...the name has acquired a distinctiveness and a secondary meaning in the business or trade circles. People have come associate the name “Mahindra” with a certain standard of goods and services. Any attempt by another person to use the name in business and trade circles is likely to and in probability will create an impression of a connection with the plaintiffs’ group of companies. Such user may also affect the plaintiff prejudicially in its business and trading activities.”

Section 9(2) states that a mark shall not be registered as a trade mark if –

- (a) it is of such nature as to deceive the public or cause confusion;
- (b) it contains or comprises of any matter likely to hurt the religious susceptibilities of any class or section of the citizens of India;
- (c) it comprises or contains scandalous or obscene matter;
- (d) its use is prohibited under the Emblems and Names (Prevention of Improper Use) Act, 1950.

Under Section 9(2), if the confusion arises from any factor whatsoever, even without involvement of any other mark or there being no similarity with any other mark, the registration may still be refused if the impugned mark is of such nature that it will cause confusion. For a successful opposition the opponent has to establish by proper evidence that its mark had acquired reputation by use and the mark of the applicant if registered is likely to cause confusion (*Anglo-French Drug Co. v. Brihans Laboratories, 1995 IPLR7*).

The medical preparations sold at the prescription by doctors and supplied by qualified pharmacists have been considered a special case for determining deceptive similarity. The test was not of the ordinary customers but whether the pharmacists or doctors would be confused. Therefore, in the field of drugs and chemicals, the names with small variations are allowed. In *Burrough Wellcome v. Uni Sole Pvt. Ltd., 1999 PTC 188*, the Bombay High Court has applied the test of person of ordinary intelligence as against doctors and pharmacists. The Court took the judicial notice of the fact that various medicines which are required by law to be sold per prescription, in actual practice they are sold without such prescription inspite of the mandate of the law.

In *Group Pharmaceuticals v. Alkem Labs. 1996, PTC (16)117*, opponents objections were sustained and the registration of the trade mark Metro-D for pharmaceutical preparations when opposed by the proprietor of Metro-N was refused as customers of ordinary prudence and average intelligence are likely to be deceived. [See also *Group Pharmaceuticals v. A.H. Robins Co., 2000 PTC 60 Mumbai Registry; Pioneer Bakers (P) Ltd. v. Kraft Jacobs, 1998 PTC 502*]



Section 9(3) prohibits registration of a mark, if it consists exclusively of shape of goods which results from the nature of the goods themselves or which is necessary to obtain a technical result or which gives substantial value to the goods. It is, however, explained that the nature of goods or services in relation to which the trade mark is used or proposed to be used shall not be a ground for refusal of registration.

Section 9(3) is intended to prevent permanent monopolies being created under the Trade Marks Act, by reason of trade marks constituted by the shape of goods giving the proprietor a permanent and substantial advantage over his potential competitors. It is considered that will create unacceptable distortions in the market.

In order to avoid an objection, a mark constituted by a shape must be sufficiently different from a shape which is-

- (a) characteristic of the product;
- (b) the norm or customary in the sector concerned.

In other words, the shape should not be descriptive and must stand out from the crowd, and in the case of new product development must not be a shape likely to be taken for the product concerned.

The fact that functional claim has been previously made in a patent application will be prima facie evidence that those aspects of the shape covered by the patent claim are necessary to achieve a technical result. This will attract objection under section 9(3)(b). The test is whether there are any significant aspects of the shape or its arrangement which are not only attributable to the achievement of a technical result.

The shape of an ornamental lamp, for example would appear to add substantial value to the goods by making it attractive. This would attract objection under section 9(3)(c) and also 9(3)(a).

### Relative Grounds (Section 11)

Section 11 of the Act stipulates that where there exists a likelihood of confusion on the part of the public because of the identity with an earlier trade mark or similarity of goods or services, the trade mark shall not be registered. The registration of a mark which is merely reproduction or imitation of a well-known mark is also prohibited. Sub-section (3) prohibits the registration of a trade mark if or to the extent that, its use in India will be prevented by law of passing off or under the law of copyright unless the proprietor of the earlier trade mark consents to such registration.

The term “earlier trade mark” as per the Explanation appended to this Section means a registered trade mark or an international registration or a convention application which has a date of application earlier than the trade mark in question, or a trade mark, which on the date of application for registration or on the date of priority claimed was entitled to protection as a well known trade mark.

The proprietor of earlier trade mark is entitled to oppose the registration of a trade mark and prove it. In the opposition proceeding the Registrar shall protect a well-known trade mark against identical or similar trade marks and take into consideration the bad faith of either the applicant or the opponent affecting the rights relating to the trade mark. Further, the section also lays down the factors which the Registrar is required to take into account while determining the status of a well-known trade mark. The Section also lays down the facts to be considered by the Registrar in determining whether a trade mark is known or recognised in a relevant section of the public.

What is a well known trade mark, the Delhi High Court held in *Tata Sons Ltd. v. Mr. Md. Jawed & Anron* (March, 2011) held that a well known trade mark is a mark which is widely known to the relevant section of the general public and enjoys a comparatively high reputation amongst them. On account of advancement of technology, fast access to information, manifold increase in international business, international travel and advertising/

publicity on internet, television, magazines and periodicals, which now are widely available throughout the world of goods and services during fairs/exhibitions, more and more persons are coming to know of the trade marks which are well known in other countries, and which on account of the quality of the products being sold under those names and extensive promotional and marketing efforts, have come to enjoy trans-border reputation. It is, therefore, being increasingly felt that such trade marks need to be protected not only in the countries in which they are registered but also in the countries where they are otherwise widely known in the relevant circles so that the owners of well known trade marks are encouraged to expand their business activities under those marks to other jurisdictions as well.

Further, the Court observed that the owner of a well known trade mark may (i) seek cancellation or (ii) prevent registration of a trade mark which is same or similar to the well known mark irrespective of whether the impugned mark is in relation to identical or similar goods or services or in relation to other categories of goods or services. He may also prevent others from incorporating the well known trade mark as a part of their corporate name/business name. Even if a well known trade mark is not registered in India, its owner may avail these rights in respect of the trade mark registered/used or sought to be registered/used in India, provided that the well known mark is otherwise known to or recognized by the relevant section of public in India. The Trade Marks Act, 1999 accords a statutory protection to well known marks, irrespective of whether they are Indian marks or foreign marks. The existence of actual confusion or a risk of confusion is, however, necessary for the protection of a well known trade mark, as a result of infringement.

### **Concurrent Use - Exception to Section 11**

To all the relative grounds of refusal, the Trade Marks Act, 1999 allows one exception in Section 12. As per Section 12 in the case of honest concurrent use, or of other special circumstances which make it proper so to do, the Registrar may permit the registration of trade marks which are identical or similar in respect of the same or similar goods or services, irrespective of the fact that any such trade mark is already registered or not. This is done so if in the opinion of the Registrar it is proper so to do in favour of more than one proprietor of trade mark. In such an event the Registrar is empowered to impose such conditions and limitations, as he deems fit. The provisions establish the superiority of trade mark rights acquired by use.

### **RIGHTS CONFERRED BY REGISTRATION**

The registration of a trade mark confers on the registered proprietor of the trade mark the exclusive right to use the trade mark in relation to the goods or services in respect of which the trade mark is registered. While registration of a trade mark is not compulsory, it offers better legal protection for an action for infringement. As per Section 17 of the Act, the registration of a trade mark confers the following rights on the registered proprietor:

- (i) It confers on the registered proprietor the exclusive right to the use of the trade mark in relation to the goods or services in respect of which the trade mark is registered.
- (ii) If the trade mark consists of several matters, there is an exclusive right to the use of the trade mark taken as a whole. If the trade mark contains matter common to trade or is not of a distinctive character, there shall be no exclusive right in such parts.
- (iii) It entitles the registered proprietor to obtain relief in respect of infringement of the trade mark in the manner provided by the Trade Marks Act, 1999 when a similar mark is used on (a) same goods or services, (b) similar goods or services, (c) in respect of dissimilar goods or services.
- (iv) Registration of a trade mark forbids every other person (except the registered or unregistered permitted user) to use or to obtain the registration of the same trademark or a confusingly similar mark in relation

to the same goods or services or the same description of goods or services in relation to which the trade mark is registered.

- (v) After registration of the trade mark for goods or services, there shall not be registered the same or confusingly similar trade mark not only for the same goods or services but also in respect of similar goods or services by virtue of Section 11(1) of Trade Marks Act, 1999.
- (vi) Moreover, after registration of the trade mark for goods or services, there shall not be registered the same or confusingly similar trade mark even in respect of dissimilar goods or services by virtue of Section 11(2) in case of well-known trademarks.
- (vii) Registered trade mark shall not be used by any one else in business papers and in advertising. Use in comparative advertising should not take undue advantage of the trade mark. Such advertising should not be contrary to honest practices in industrial or commercial matters. The advertising should not be detrimental to the distinctive character or reputation of the trademark.
- (viii) There is a right to restrict the import of goods or services marked with a trade mark similar to one's trademark.
- (ix) There is a right to restrain use of the trade mark as trade name or part of trade name or name of business concern dealing in the same goods or services.

The registered trade mark continues to enjoy all the rights which vest in an unregistered trade mark. By registration the proprietor of an unregistered trade mark is converted into proprietor of the registered trade mark. An application for registration may be based on a trade mark in use prior to such application and such a trade mark is already vested with rights at Common law from the time the use of the mark was commenced.

## INFRINGEMENT OF REGISTERED TRADEMARKS

Infringement, very broadly means taking unfair advantage or being detrimental to the distinctive character or reputation of a trade mark.

Under the Trade Marks Act, 1999 the meaning of infringement has been enlarged as more actions shall be taken as constituting infringement which are listed in Section 29.

Section 29 dealing with infringement of trade marks explicitly enumerates the grounds which constitute infringement of a registered trade mark. This section lays down that when a registered trade mark is used by a person who is not entitled to use such a trade mark under the law, it constitutes infringement. This section clearly states that a registered trade mark is infringed, if the mark is identical and is used in respect of similar goods or services; or the mark is deceptively similar to the registered trade mark and there is an identity or similarity of the goods or services covered by the trade mark; or the trade mark is identical and is used in relation to identical goods or services; and that such use is likely to cause confusion on the part of the public or is likely to be taken to have an association with the registered trade mark.

Sub-section (4) states that a person shall be deemed to have infringed a registered trade mark, if he uses a mark which is identical with or similar to the trade mark, and is used in relation to goods or services which are not similar to those for which trade mark is registered; and the registered trade mark has a reputation in India and the use of the mark without due cause would take unfair advantage of or is detrimental to the distinctive character or repute of the registered trade mark. Sub-section (5) prohibits a person from using someone else's trade mark, as his trade name or name of his business concern or part of the name of his business concern dealing with goods or services in respect of which trade mark is registered.

A person shall be deemed to have used a registered trade mark in circumstances which include affixing the mark to goods or packaging, offering or exposing the goods for sale or supply of services, importing or exporting the goods, using the trade mark as trade name or trade mark on business paper or in advertising. A person shall also be deemed to have infringed a registered trademark if he applies such registered trademark to a material intended to be used for labelling or packaging goods as a business paper, or for advertising goods or services knowing that the application of such mark is not authorised by the proprietor or licensee. Advertising of a trademark to take unfair advantage of, or against the honest industrial or commercial practices or which is detrimental to the distinctive character or is against the reputation of the trade mark shall constitute an infringement under Section 29(8) of the Act. Where the distinctive element of a registered trade mark consists of words, the spoken use of such words as well as visual representation for promoting the sale of goods or promotion of service would constitute infringement under Section 29(9) of the Act.

The infringement action is a statutory remedy available to the registered proprietor or to the registered user, based on statutory rights conferred by registration of a trade mark, subject to other restrictions laid down in Sections 30, 34, 35 of the 1999 Act.

An infringement action is available to the registered proprietor or registered user to enforce his exclusive right over the trade mark in relation to the goods in respect of which it is registered. If at the time of registration of trade mark, certain limitations or conditions have been imposed, then, the exclusive right has to be evaluated within the terms of such registration. If an offending use of the mark fulfils the conditions laid down in Section 29(1) discussed above, it squarely constitutes infringement.

In *M/s J K Oil Mills v. M/s Adani Wilmar Ltd.*, 2010 (42) PTC 639 (Del.), the Delhi High Court held that in order to constitute infringement under the provisions of Section 29 of the Trade Marks Act, it would be necessary to show that impugned trade mark (label) is identical or deceptively similar to the registered trade mark. And once the plaintiff is able to establish that the impugned trade mark (label) is identical or deceptively similar to the registered trade mark (label) then, it matters little whether the defendant is using the impugned mark/label in respect of the goods and services which are not similar to those in respect of which the trade mark is registered.

In *Parle Products v. J P & Co.* AIR 1972 SC 1359, the Apex Court observed that in this case the packets are practically of the same size, the colour scheme of the two wrappers is almost the same; the design on both, though not identical, bears such close resemblance that one can easily be mistaken for the other. The essential features of both are that there is a girl with one arm raised and carrying something in the other with a cow or cows near her and hens or chickens in the foreground. In the background there is a farm house with a fence. The words "Gluko Biscuits" on one and "Glucose Biscuits" on the other occupy a prominent place at the top with a good deal of similarity between the two writings. Anyone, in our opinion, who has a look at one of the packets on a day, may easily mistake the other if shown on another day as being the same article which he had seen before. If one was not careful enough to note the peculiar features of the wrapper on the plaintiffs' goods, he might easily mistake the defendant's wrapper for the plaintiffs' if shown to him some time after he had seen the plaintiffs. After all, an ordinary purchaser is not gifted with the powers of observation of a Sherlock Holmes.

The Court held that the defendants' wrapper is deceptively similar to the plaintiffs' registered trade mark. For infringement nothing more is required to be proved. These days such cases which rely more on visual similarity involving get-up are classified in cases involving Trade Dress.

In *S.M. Dychem v. Cadbury India* 2000 PTC 297 (SC), the Apex Court said that on the first impression we are of the view that the dissimilarities appear to be clear and more striking to the naked eye than any similarity between the marks, and on the whole the essential features of two marks are different. The Court further said that if the essential features have been copied, the intention to deceive or cause confusion is not relevant in an

infringement action. If a false representation is made out even when there is no intention to deceive or confuse it is sufficient to constitute infringement. However, in the present case on the question of relative strength, the decision must go in favour of the defendant and the High Court was right.

Thus, new trade marks made by introducing dissimilarities in the trade mark, which are based on the materials or features which are already incorporated in the existing trade marks, may not constitute infringement of such earlier trade marks if the totality of impression produced by the new mark is not confusing even though there are many similar parts in the trade mark.

The *Calcutta High Court in Hearst Corp. v. Dalal Street Communication Ltd.* 1996 PTC 126 at 129 (Cal), said that in an action for infringement – (a) the plaintiff must be the registered owner of a trade mark; (b) the defendant must use a mark deceptively similar to the plaintiff's mark; (c) the use must be in relation to the goods in respect of which the plaintiff's mark is registered; (d) the use by the defendant must not be accidental but in the course of trade. In the present case, the plaintiff had been publishing a monthly magazine from 1933 and selling the same in the name of its registered trade mark 'Esquire' since 1942. The plaintiff also owned the copyright in the script, get-up and style in which the trade mark 'Esquire' is retailed. From October, 1994 the defendant started publishing a monthly magazine with the name 'Esquare'. Relying on the *Pianotist Co. Ltd.* (1906) 23 RFC 774, *Roche & Co. v. Manners & Co. (P) Ltd.*, AIR 1970 SC 2062 & 2064 wherein it was held that it must be seen whether there was an overall similarity between the two names in respect of the same description of goods, both visually as well as phonetically, the Court remarked that the covers of the magazines of the defendant would appear to be framed with the idea of attracting the male interest whatever might be the contents. For these reasons, on the basis of the phonetic similarity, it appears to be clear that an unwary purchaser of average intelligence and imperfect recollection would be likely to confuse the defendant's use of the mark 'Esquare' on its magazine with the plaintiff's publication 'Esquire'. Another way of considering the issue of infringement is if the defendant's mark was an imitation of the plaintiff's mark. This, of course, implies a certain lack of *bona fides* on the imitators' part. Injunction was issued to restrain the defendant from infringing registered trade mark of the plaintiff. [See also *Amritdhara Pharmacy v. Satya Deo* AIR 1963 SC 449].

In *Brooke Bond India v. C. Patel & Co.*, 1993 IPLR 220 (Cal.), the Court held that application by the defendants of the trade mark Taj Tea in India on the packets of tea is an infringement of the registered trade mark of the plaintiff. Interim injunction was issued even though the defendant was willing to alter the colour scheme and get up of his packets bearing trade mark Taj Tea. In *Cox Distillery v. McDowell & Co.*, 1999 PTC 507, the Court said that there is deceptive similarity between the label used by the plaintiff as his trade mark and the one introduced by the defendant. It amounts to infringement of the plaintiff's trade mark within the meaning of Section 29(1). The defendant was restrained from using COX DIPLOMAT premium Whisky as the defendant used the logo and print of similar size and word DIPLOMAT on label with the printed figure of human being which made his label similar to the registered trade mark of the plaintiff. [ See also *Kewal Krishan Kumar v. Master Hawa Singh*, 2000 PTC206; *Amar Singh chawalwala v. Shree Wardhman Rice*, 1996 PTC 196; *J. R. Kapoor v. Micronix*, 1994 Supp (3) SCC 215; *Himalaya Drug v. SBL Ltd.* 1996, PTC 553].

The Calcutta High Court in *East and Hosiery Mills Pvt. Ltd. v. Agarwal Textiles Mills*, AIR 1971 (Cal), considered the resemblance in respect of the get up of the two marks phonetically 'Moti' and 'Sacha Moti'. It was found by the Court that 'Sacha Moti' was used by the defendants to imitate the name 'Moti' of the plaintiffs. There is phonetic similarity between the words. The explanation that the name 'Moti' has been taken from Moti Ram Gupta, father of one of the partners of the defendant firm was not accepted by the Calcutta High Court in the above case. Therefore, even though the defendant used his father's name, it was held that the defendant's use of the name and mark was likely to deceive or cause confusion or injury to the goodwill of the plaintiff's business.

The Supreme Court in *Ramdev Food Products (P) Ltd. v. Arvind Bhai Rambai Patel*, 2006 (8) SCC 726, held



that a trade mark is the property of the manufacturer. The purpose of a trade mark is to establish a connection between the goods and the source thereof which would suggest the quality of goods. If the trade mark is registered, indisputably the use thereof by a person who is not otherwise authorised to do so would constitute infringement.

In *T.V. Venugopal v. Ushodaya Enterprises Ltd.*, (2011) 4 SCC 85, the Supreme Court noted that the respondent's mark "Eenadu" had acquired extraordinary reputation and goodwill in the State of Andhra Pradesh. It was held that the Appellant was clearly attempting to utilise the reputation and goodwill of the Respondents. The Court reasoned that allowing the Appellant to use the mark would create confusion in the mind of the consumers, leading the consumers to think that the incense sticks were manufactured by the Respondent's company. The Court said that permitting the Appellant to use the trade mark would lead to the erosion of the extra-ordinary reputation and goodwill acquired by the Respondent. The law is consistent that no one can be permitted to encroach upon the reputation and goodwill of other parties. This approach is in consonance with protecting proprietary rights of the Respondent company.

Delhi High Court in *Infosys Technologies Ltd. v. Adinath Infosys Pvt. Ltd. & Ors*, (November, 2011) held that by using the word INFOSYS which is the registered trade mark of the plaintiff as the key feature of its corporate name, defendant has clearly infringed the registered trade mark of the plaintiff. The Court restrained the defendant from using the expression "INFOSYS" or any other expression which is identical or deceptively similar to the trade mark "INFOSYS" as a part of its corporate name or for providing any of the services in which the plaintiff-company is engaged.

***Raj Kumar Prasad & anr V. Abbott Healthcare Pvt Ltd [DEL] FAO(OS) 281/2014 Pradeep Nandrajog & Mukta Gupta, JJ. [Decided on 10/09/2014]***

#### **Brief facts:**

It is the case of Abbott that the predecessor-in-interest of the registered trademark 'ANAFORTAN' used the same extensively and widely for the medicines manufactured and sold in the market and since September, 2010 Abbott had been doing so. Thus, Abbott had established a good will and reputation in the mark 'ANAFORTAN'. As per Abbott it had sold pharmaceutical products under said trademark in sum of Rs.7.84 crores between September to December, 2010 and 23.047 crores between January and December, 2011. The grievance was that Raj Kumar Prasad, carrying on business as a sole proprietor of Birani Pharmaceuticals, was selling pharmaceutical products containing Camylofin Dihydrochloride under the brand name 'AMAFORTEN'. Concerning the second defendant Alicon Pharmaceuticals Pvt. Ltd. the grievance was that it was manufacturing the medicinal preparations for Raj Kumar Prasad, to be sold under the mark 'AMAFORTEN'. It is the case of Abbott that Raj Kumar Prasad surreptitiously obtained, vide registration No.1830060 under class 5, the registration of the mark 'AMAFORTEN' for which Abbott intends to file rectification proceedings.

#### **Decision: Appeal dismissed Reason:**

The view taken by the learned Single Judge is based upon a reading of Section 124 of the Trademarks Act, 1999. The learned Single Judge has held that a registered proprietor of a trademark is entitled to sue a registered proprietor of a trademark if the latter is identical with or nearly resembles the other. Holding that the suit would be maintainable, the learned Single Judge has held that the trademark used by the defendants 'AMAFORTEN' is ex-facie phonetically and visually deceptively similar to that of Abbott 'ANAFORTAN'.

The learned Single Judge has noted that through its predecessors Abbott had been using the trademark 'ANAFORTAN' extensively since the year 1988 and thus has enjoined the defendants from selling its product under the trademark 'AMAFORTEN' or any other mark deceptively similar to that of Abbott.

Ex-facie there is visual and phonetic deceptive similarity in the trademark 'AMAFORTEN' in comparison with the trademark 'ANAFORTAN'. It has to be kept in mind that the competing goods are pharmaceutical preparations, the class of the goods is the same; the consumer is the same and the trade channel is the same. Concededly through its predecessors-in-interest Abbott has inherited the good will and reputation in its trademark 'ANAFORTAN' and would be entitled to protect the same. Whereas through its predecessors-in-interest Abbott is in the market since the year 1988 defendant entered the market somewhere in the year 2012 when the suit was filed. We note that the defendant has consciously not disclosed in the written statement the day it started selling the goods in the market. From the documents filed by the defendants we find that it applied to the Registrar of Trademarks for registration of the trademark 'AMAFORTEN' on June 17, 2009 and was granted registration on July 12, 2011. Tested on the legal principles laid down by the Supreme Court in the case of *Wander Ltd. & Anr. Vs. Antox India P.Ltd* reported as 1990 (Supp.) SCC 727, we find no infirmity in the view taken by the learned Single Judge and thus would dismiss the appeal.

***Easygroup IP Licensing Ltd & Anr V. Easyjet Aviation Services Pvt Ltd & Anr [DEL]CS(OS) 157/2010 Vipin Sanghi, J. [Decided on 19/08/2013]***

#### **Brief facts:**

This suit for grant of permanent injunction restraining infringement of registered trademark, passing off, delivery up and damages has been filed by Plaintiffs no 1 and 2, which are companies incorporated under the laws of England and Wales against defendant no 1, a company incorporated under the Companies Act 1956 and defendant no 2, who is the director of defendant no 1, in respect of the alleged infringement and passing off of the plaintiff's registered trademark "easyJet".

The plaintiff no 1 is the owner and plaintiff no 2 is the licensed user of the registered trademark "easyJet" (hereinafter referred to as the suit trademark). The suit trademark was adopted by plaintiff no 2- which is wholly owned by EasyJet, plc, a company listed on the London Stock Exchange; in the year 1995 in respect of a low cost carrier airline operated by plaintiff no 2. In the year 2000, on account of reorganization of business, the suit trademark was assigned by plaintiff no 2 to plaintiff no 1. Subsequently via Brand License Agreement dated 05.11.2000, plaintiff no 1 licensed the use of the suit trademark to plaintiff no 2.

The plaintiffs allege that the defendant no. 1 company having its principal place of business in Mumbai is trading in the name and style of "EasyJet Aviation Services Limited". It is engaged in facilitating air charters, air craft management as well as buying and selling of aircrafts as middlemen. The plaintiffs allege that defendant no 1 is malafidely using the aforesaid trademark "EasyJet" in relation to services that are identical to those covered by the classification in which the plaintiffs mark "easyJet" is registered.

#### **Decision: Suit decree Reason:**

A perusal of the trademark registration certificate, Exhibit PW1/36, of the plaintiffs' reveals that the plaintiff's mark "easyJet" was first registered in the United Kingdom in 1995 in respect of class several classes including class 39 which covers the services offered by the plaintiffs and the defendants. Subsequently, the suit trademark was granted registration in India in various classes from 2001 onwards- in class 16 vide Exhibit PW 1/44 dated 07.02.2001 and the most important for the purpose of this suit being class 39, registration whereof was granted on 07.12.2004 vide Exhibit PW1/41. As aforementioned, class 39 includes, but is not restricted to transportation of goods, passenger and travelers by air; airline and shipping services; airport check in service; chartering of aircraft; rental and hire of aircraft etc.

The plaintiff's website [www.easyJet.com](http://www.easyJet.com), went live in 1995. The said website has been accessible to Indians who wish to travel on the plaintiff no 2's airline on its operational routes abroad since 1998. A significant aspect



of the plaintiff's business model is its elimination of ticketing agents through its website that provides customers the convenience of booking tickets online as far back as 1998. Exhibit PW1/15 is an article dated 08.03.2001 in the magazine "Economist" stating that several airlines, including the plaintiff no 2's airline, sell up to 90% of their tickets online.

Exhibit PW 1/29 is a printout from an Indian online travel portal [www.cleartrip.com](http://www.cleartrip.com) showing the details, routes, destinations, flights and company information of the plaintiff's operations. The website [cleartrip.com](http://cleartrip.com) also provides a link to the plaintiff's website. This evidences the fact that even besides the plaintiff's own website, Indians can book tickets on the plaintiff no 2's airline via Indian online travel portals too. Exhibit PW1/10 is a summary of visits from Indian IP addresses to the plaintiff no 2's website. The same shows that between 2008-2010, 28416 bookings were made by clients accessing the website from India.

Furthermore, Exhibit PW1/14 is an article dated 16.11.2000 in the magazine "The Economist" referring to several low cost airlines including plaintiff no 2 and its plan to increase the density of its flights. Exhibit PW 1/19 is a list of top 5 best companies in marketing according to "FORBES Asia" magazine featuring the plaintiff no 2 at fifth position. Exhibit PW1/21 is an article dated 23.07.2001 in International magazine "TIME" discussing the easy group's successful marketing strategy. Similarly exhibits PW1/22, PW1/23 and PW1/24 are write ups in "TIME" magazine about low cost carriers and the plaintiff no 2 airline dated 26.11.2001, 22.05.2002 and 04.08.2002 respectively. The aforesaid demonstrates that the plaintiff no 2 has consistently been covered in international news and magazines as a successful marketing phenomenon. In *Allergan Inc v. Milmet Oftho Industries*, 1997 2 CAL LT, it was held that internationally established reputation is enough to entitle the plaintiff to sue in India, even if he has no business in India.

Keeping in view the aforesaid, I am of the view that the plaintiffs have established prior use of the trademark since 1995 - when it was first registered, and since 1998 when their services became accessible to Indians via their website. In *Caesar Park Hotels & Resorts v. Western Hospitality Services*, AIR 1999 Mad 396, it was held that if the plaintiffs have customers in a country, it can be presumed that they enjoy a reputation in that country. Owing to the fact that Indians could access the plaintiff no 2's services through its website as far back as in 1998, I am of the view that the same is sufficient to constitute prior use. By virtue of Section 28 of the Act, a registered proprietor of the trademark has the exclusive right to the use of the trademark in relation to the goods and services in respect of which the trademark is registered and to obtain relief against infringement of the trademark.

The defendants are using the impugned trademark in respect of identical services covered under class 39 in which the plaintiffs enjoy their registration. Therefore, the action of the defendants squarely amounts to infringement under Section 29. Having already established that the plaintiffs enjoy a considerable amount of reputation, there is no iota of doubt that the use of the suit trademark by the defendants in respect of identical services is likely to cause confusion and mislead the public into believing that the services of the defendant are associated with the plaintiff no 2's airline.

It is also pertinent to note that the suit trademark is a coined word. No explanation has been offered by the defendants as to why they chose the suit trademark. The defendants have chosen not to contest the present proceedings and, therefore, the only valid inference that can be drawn is that the defendants adopted the impugned trademark to ride on the plaintiffs' goodwill and popularity.

In the present case too, the plaintiff no 2 and the defendants are operating in the same sphere of activity. The services provided by the plaintiff no 2 and defendants are identical in nature. Therefore, the likelihood of confusion and deception is strong on account of the public at large associating the defendants' services to be those offered by the plaintiff no 2. The acts of the defendants in using the impugned trademark coupled with a

lack of plausible explanation offered by the defendants for the same, leads to the conclusion that the defendants are in fact passing off their services as those of the plaintiffs in an attempt to cash in on the plaintiff's reputation worldwide as well as in India. Accordingly, the suit is decreed in favour of the plaintiffs.

***Hawkins Cookers Ltd v. Murugan Enterprises [DEL] RFA (OS) 09/2008 Pradeep Nandrajog & Siddharth Mridul, JJ. [Decided on 13/04/2012]***

**Brief facts:**

The appellant is the registered proprietor of the trademark HAWKINS in respect of pressure cookers and parts thereof, including gaskets. The respondent manufactures and sells gaskets under the trademark MAYUR, but on the packaging material indicating "Suitable for: Hawkins Pressure Cookers". Whereas the words suitable for and Pressure Cookers are printed in black colour, the word Hawkins is printed in red colour and thus it is apparent that the intention is that the word Hawkins catches the eye.

The appellant alleges that by so writing on the packaging material, the respondent is infringing upon its registered trademark. It is the case of the appellant that the gaskets pertaining to pressure cookers are not manufactured by the respondent for any particular brand of pressure cooker, much less Hawkins Pressure Cookers and that the gaskets of pressure cookers can fit any pressure cooker manufactured by any manufacturer, for the reason all pressure cookers have the same dimensions of the mouth and hence the lid size, the only correlation is to the capacity of a pressure cooker i.e. 1 liter, 2 liter etc. Thus, the appellant contends that the respondent cannot use the word Hawkins, which is the trademark of the appellant, in relation to the goods gaskets, forming part of Hawkins pressure cookers for the reason it is not reasonably necessary for the respondent to indicate that the gasket manufactured by it is adaptable to the pressure cookers manufactured by the appellant.

The Single Judge has proceeded on the basis, that as per the evidence, gaskets manufactured by the respondent are specially made, to be fitted in Hawkins Pressure Cookers, a fact noted by the learned Single Judge in paragraph 64 of the impugned decision. As per the appellant, this is not so. The gaskets manufactured by the respondent, as also other manufacturers, are neither designed, nor are capable of being designed, to be used in any particular kind of pressure cooker, for the reason all pressure cookers are so designed that the mouth of the pressure cooker and the corresponding lid is of same dimension; the only variation being with respect to the capacity of a pressure cooker. In other words, a gasket pertaining to a 1 liter capacity pressure cooker would fit all pressure cookers manufactured by all manufacturers.

**Decision: Appeal allowed. Defendant directed to modify the package. Reason:**

Now, at the heart of the matter in dispute in the instant appeal is when would it be a case of the use of the trademark being reasonably necessary in order to indicate that the goods are so adapted? The answer has to be found in the meaning of the two words reasonably necessary. Of the various meanings of the word necessary, one meaning is inherent in the situation. Of the various meanings of the word reasonable one meaning is just. Thus, the twin word reasonably necessary would mean that inherent in the situation it would be just; and in the context of Clause (d) of sub-section (2) of Section 30 of the Act, it would mean that where the goods which are claimed to be adaptable to some other goods would entitle the manufacturers of the goods which are adaptable to so indicate by reference to the trademark of the other goods provided it is just to so do and this would mean that the goods claimed to be adaptable are specifically manufactured to be used as a part of the other goods alone. This will not apply where the goods are capable of adaptable use to all goods manufactured by different manufacturers to which they are adaptable. In said circumstance to indicate on the goods that they are adaptable only to the goods of only one manufacturer would be a clear violation of the trademark of the said manufacturer and Section 30 (2) (d) would not come into aid.

Let us illustrate. A manufactures pump sets, having a motor, and a pulley, through the rotation of which, the pump is made to mechanically lift water. The motor, the pulley and the pump are three separate distinct constitutive elements of the pump set. The distance between the motor and the pump is unique to the pump set manufactured by A. B manufactures only pulleys.

These are used by various manufacturers of pump sets, saw mills, and flour mills etc. i.e. wherever electrical energy has to be converted into mechanical energy. The pulleys manufactured by B, which are adaptable to the pump sets manufactured by A, would obviously require B to so inform the consumer, and in such situation, if on the packaging material B were to indicate that the particular pulleys manufactured by him are adaptable to the pump sets manufactured by A this being the only way in which B can inform the buyer, no infringement of A's trade mark would result. To simply state, if A was to sell his pump sets under the trademark CHAMPION, B would be perfectly justified in writing or printing on the packaging material: Suitable for champion pumps. Of course, this would be subject to the condition that B prominently displays his trademark and does not give undue prominence to the word CHAMPION. But, if all the pump sets manufactured by different manufacturers have same distance between the motor and the pump and identical dimensional pulleys are used in all the pump sets, it would not be a case where B would be entitled to print on the packaging material that the pulley manufactured by him is suitable for a particular brand of pump sets. We note that the learned Single Judge has correctly noted the law: that if in the sale it becomes reasonably necessary for the manufacturer of adaptable goods, to refer to the trademark of the relatable goods, such reference would not amount to an infringement of the trademark under which the relatable goods are sold, but has misapplied the evidence on record. The error committed is by proceeding upon the premise that the evidence establishes that the respondent manufactures gaskets specifically for the special sizes of pressure cookers manufactured by the appellant, ignoring that the evidence is to the contrary. Clarifying that the undisputed evidence brings out that gaskets pertaining to pressure cookers, irrespective of the brand or the manufacturer, are identically designed for pressure cookers of different sizes i.e. smallest gaskets for one liter pressure cookers, bigger gaskets for two liter pressure cookers and yet bigger gaskets for three liter pressure cookers and so on; and thus a gasket of a particular size would fit the lid of all pressure cookers manufactured by different manufacturers of the same relatable size, would mean that it is not reasonably necessary to indicate, for the benefit of the consumer, that the adaptable goods relate to only one particular brand of pressure cookers.

It also needs to be highlighted that it has escaped the attention of the learned Single Judge that while writing: Suitable for Hawkins Pressure Cookers, the respondent has given undue prominence to the word Hawkins by printing it in a distinct red colour and the remaining words of the sentence are printed in black colour. Clarifying that the respondent, may, if it so chooses, indicate on the packaging material of the gasket that the gasket is suitable for all pressure cookers, as is being done by other manufacturers of gaskets, we allow the appeal.

***Larsen & Toubro Limited (L&T) v. Leuci Communications & Ors [DEL] CS (OS) No. 1958/2006 V.K. Jain, J. [Decided on 01/02/2011]***

**Brief facts:**

The plaintiff-company holds copyright in respect of trademark/logo LT (in a circle) vide Registration No.1169145 dated 24th January, 2003 under Class 9 under 4th Schedule to Trademarks Act, 1999. The plaintiff-company has a number of subsidiary companies which also use the name Larsen & Toubro as a part of their corporate name. The trademark/logo LT is registered in the name of the plaintiff No.1 also in various other classes viz. 2, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 21, 22, 23, 24, 25, 26, 27, 29, 31 and 33. It is alleged that on 25th September, 2006, Mr Santanu Das, Sales Engineer in the Jamshedpur office of the plaintiff company purchased a charger from a shop in Muzaffarpur in Bihar and found that though the charger was made in China, L&T logo (in a circle) was printed on the top of the carton and it was also found engraved on the charger itself.

It is alleged that use and adoption of the mark L&T by the defendants is likely to cause confusion and give an impression to the public that the defendants are associated with the plaintiff company.

It is also alleged that the defendants have adopted/ copied the mark of the plaintiff in respect of goods mentioned in Class 9 which are covered by the plaintiff's registered mark and have thereby infringed the said trademark. It is also claimed that the whole intention of the defendants in adopting and using the trademark/logo of the plaintiff is to pass off their products as those of the plaintiff and to represent to the public that they are in some way connected with the plaintiff-company. The plaintiff has sought an injunction restraining the defendant from using its trademark/logo LT or any other mark which is deceptively similar to the registered trademark/logo of the plaintiff-company. The plaintiff has also sought injunction restraining the defendant from passing off its goods/products as those of the plaintiff-company. Damages amounting to Rs 20,01,600/- have also claimed by the plaintiff from the defendants. The plaintiff has also sought destruction of the infringing goods and packing material, etc.

**Decision: Suit decreed Reason:**

The registration of trademark/logo LT (in a circle) has been granted to the plaintiff-company not only in respect of telephones, but also their parts and accessories. It is difficult to dispute that mobile phones would be included in the list of telephones. A charger of a mobile telephone is an essential accessory and the mobile telephone cannot be charged without using the charger meant for the purpose. Hence, it cannot be disputed that the plaintiff-company holds copyright in mark/ logo LT (written in a circle) in respect of mobile phone chargers and this right is being held by the plaintiff-company continuously since 24th January, 2003, the registration being valid for 10 years.

A perusal of the carton in which the charger was purchased by an employee of the plaintiff-company would show that the mark/logo LT (in a circle) of the plaintiff-company has been simply re-produced on the carton. Though use of the word along with the mark/logo LT in a circle gives an impression that the mark/logo used on the carton was a registered mark/ logo of the manufacturer of the product, the defendants have not come forward to contest the suit and to claim any copyright in the aforesaid mark/logo. Since the plaintiff-company holds copyright in the mark/logo LT (in a circle) in respect of telephone accessories which would include a mobile phone charger, the defendants have no right to use the aforesaid mark/ logo on the carton in which the charger is being sold by them.

A trademark is infringed if either the same mark or a mark deceptively similar to that mark is used, without a license from its proprietor. In the case before this Court, the mark/ logo being used on the carton of the charger being a reproduction of the registered trademark/logo of the plaintiff company, the defendants have infringed the registered trademark/logo of the plaintiff by using that mark on the carton of their charger.

The mark LT, on account of its continuous user by the plaintiff company and considering the multifarious nature of the activities in which the plaintiff company is engaged, has come to be so associated with the plaintiff company and, therefore, anyone coming across a product bearing the name/logo LT is likely to get confused and assume that either this product was being manufactured and/or marketed by plaintiff company and/or that the plaintiff company was somehow or the other associated with the manufacturing/marketing of that product.

If another company uses this trademark/logo of the plaintiff company, the customer, particularly if he happens to be an unwary customer is likely to assume that the company manufacturing and/or marketing the product bearing the mark/ logo LT was either a group company/subsidiary company of the plaintiff or had some kind of arrangement/agreement with it for use of the aforesaid mark/logo.

For the reasons given in the preceding paragraphs, defendant Nos. 7 and 8 are hereby restrained from

manufacturing, selling, exporting, distributing or marketing any mobile charger using the registered mark/logo LT (in a circle) of the plaintiff company either on the product or on its packaging. Defendant Nos. 7 and 8 are also directed to destroy within eight weeks all the chargers and packaging, which bear the registered mark/logo of the plaintiff company. The plaintiff company has not proved any actual damages. Also, the Court needs to take note of the fact that a lot of energy and resources are spent in litigating against those who infringe the trademark and copyright of others and try to encash upon the goodwill and reputation of other brands by passing off their goods and/or services as those of that well known brand.

Considering the nature of the infringement and with a view to dissuade others from indulging into such activities, it is imperative that some punitive damages are awarded to the plaintiff company. I, therefore, award punitive damages amounting to Rs.50,000/- to the plaintiff company against defendant Nos. 7 and 8.

***S.V. Venugopal v. Ushodaya Enterprises Ltd. & ANR [SC] Civil Appeal Nos.6314-15 of 2001 Dalveer Bhandari & Radhakrishnan, JJ. [Decided on 03/03/2011]***

**Brief facts:**

The appellant is the sole proprietor of a firm carrying on business *inter alia* as manufacturers of and dealers in incense sticks (agarbathis) in the name and style of Ashika Incense Incorporated at Bangalore. The appellant started his business in the year 1988 and adopted the mark 'Ashika's Eenadu'. According to the appellant the word 'Eenadu' in Kannada language means 'this land'. In Malayalam and Tamil language it conveys the same meaning. In Telugu language it means 'today'. In consonance with the above meaning the appellant devised an artistic label comprising a rectangular carton in bottle green background with sky-blue border and in the centre, in an oval tricolour, the word 'Eenadu' is written.

The respondent company, who was engaged in the business of publishing a newspaper in Telugu entitled as 'Eenadu', served a cease and desist notice on the appellant which was replied by the appellant on 8.3.1995. The respondent company in the year 1999 filed a suit for infringement of copyrights and passing-off trade mark in the Court of Second Additional Chief Judge, City Civil Court, Hyderabad. The respondent company therein claimed that they have been in the business of publishing a newspaper, broadcasting, financing and developing a film city.

The City Civil Court had granted an *ex-parte* ad interim injunction restraining the appellant from using the expression 'Eenadu' and the same was confirmed on 27.12.1999. On appeal, the High Court of Andhra Pradesh suspended the interim injunction and permitted the appellant to dispose off their finished products to the tune of Rs.1 crore and also permitted the appellant to produce goods that were in the process of manufacture to the tune of Rs. 78 lakhs.

Meanwhile, the trial court partially decreed the suit of the respondent company. The appellant was enjoined from using the words 'Eenadu' in the State of Andhra Pradesh only. Both the parties filed appeals before the High Court of Andhra Pradesh. The learned Single Judge disposed of both the appeals by a common judgment/order where under the appeal filed by the respondent company was dismissed and the appeal filed by the appellant was allowed.

Aggrieved by the said order of the learned Single Judge, the respondent company filed Letters Patent Appeals before the Division Bench of the High Court, which allowed the appeal decreeing the O.S. No.555 of 1999. The Appellant appealed to the Supreme Court.

**Decision: Appeal disposed off. Reason:**

We have heard the detailed and comprehensive arguments advanced by the learned counsel for the parties.



We place on record our appreciation for the able assistance provided by the learned counsel for the parties in this case.

We have also carefully examined relevant decided Indian, English and American cases.

The respondent company's mark 'Eenadu' has acquired extraordinary reputation and goodwill in the State of Andhra Pradesh. 'Eenadu' newspaper and TV are extremely well known and almost household words in the State of Andhra Pradesh. The word 'Eenadu' may be a descriptive word but has acquired a secondary or subsidiary meaning and is fully identified with the products and services provided by the respondent company. The appellant is a Karnataka based company which has started manufacturing its product in Bangalore in the name of 'Ashika' and started selling its product in the State of Andhra Pradesh in 1995. The appellant started using the name 'Eenadu' for its Agarbathi and used the same artistic script, font and method of writing the name which obviously cannot be a co-incidence. The appellant company after adoption of name 'Eenadu' accounted for 90% of sale of their product Agarbathi.

On consideration of the totality of facts and circumstances of the case, we clearly arrive at the following findings and conclusions:

- (a) The respondent company's mark 'Eenadu' has acquired extraordinary reputation and goodwill in the State of Andhra Pradesh. The respondent company's products and services are correlated, identified and associated with the word 'Eenadu' in the entire State of Andhra Pradesh. 'Eenadu' means literally the products or services provided by the respondent company in the State of Andhra Pradesh. In this background the appellant cannot be referred or termed as an honest concurrent user of the mark 'Eenadu';
- (b) The adoption of the words 'Eenadu' is ex facie fraudulent and mala fide from the very inception. By adopting the mark 'Eenadu' in the State of Andhra Pradesh, the appellant clearly wanted to ride on the reputation and goodwill of the respondent company;
- (c) Permitting the appellant to carry on his business would in fact be putting a seal of approval of the court on the dishonest, illegal and clandestine conduct of the appellant;
- (d) Permitting the appellant to sell his product with the mark 'Eenadu' in the State of Andhra Pradesh would definitely create confusion in the minds of the consumers because the appellant is selling Agarbathies marked 'Eenadu' as to be designed or calculated to lead purchasers to believe that its product Agarbathies are in fact the products of the respondent company. In other words, the appellant wants to ride on the reputation and goodwill of the respondent company. In such a situation, it is the bounden duty and obligation of the court not only to protect the goodwill and reputation of the respondent company but also to protect the interest of the consumers;
- (e) Permitting the appellant to sell its product in the State of Andhra Pradesh would amount to encouraging the appellant to practice fraud on the consumers;
- (f) Permitting the appellant to carry on his business in the name of 'Eenadu' in the State of Andhra Pradesh would lead to eroding extra-ordinary reputation and goodwill acquired by the respondent company over a passage of time;
- (g) Appellant's deliberate misrepresentation has the potentiality of creating serious confusion and deception for the public at large and the consumers have to be saved from such fraudulent and deceitful conduct of the appellant.
- (h) Permitting the appellant to sell his product with the mark 'Eenadu' would be encroaching on the

reputation and goodwill of the respondent company and this would constitute invasion of proprietary rights vested with the respondent company.

- (i) Honesty and fair play ought to be the basis of the policies in the world of trade and business. The law is consistent that no one can be permitted to encroach upon the reputation and goodwill of other parties. This approach is in consonance with protecting proprietary rights of the respondent company.

Consequently, the appeals are disposed of in terms of the aforesaid observations and directions.

***M/s.Bademiya, Mumbai & Ors v. Mubin Ahmed Zahurislam [BOM] Notice of Motion No.386 of 2011 in Suit No.292 of 2011 S J Kathawalla, J. [Decided on 25/03/2011]***

#### **Brief facts:**

In the present Notice of Motion the plaintiffs have prayed for an order and injunction restraining the defendant from in any manner using in relation to any business of manufacturing and selling or dealing in eatables the trading name “BADEMIYAN” or any other trading name consisting of the word “BADEMIYA” written in any script or the impugned trademark and the impugned logo mark as appearing in the photograph Exhibit-H to the plaint, or any other deceptively similar mark so as to infringe the plaintiffs registered trademark bearing number 641759 in Class-29 and the plaintiffs’ registered trademark bearing number 1738175 in Class-42 and to further restrain the defendant from passing off their goods and/or services as those of the plaintiffs. By consent of the parties the Notice of Motion is at the ad-interim stage taken up for final hearing.

The defendant contended that (a) that the plaintiffs’ partnership firm is unregistered and hence the suit is not maintainable;(b) that the plaintiffs’ trademark is registered under Class-29 for goods and not under Class-42 for rendering services and as the defendant is rendering the services by providing food items, the plaintiffs’ trademark is not infringed by using the impugned trademark;(c) that the plaintiffs are carrying on an illegal business without any licenses; and (d) that the defendant’s impugned mark is distinct and different from the plaintiffs’ trademark.

#### **Decision: Injunction granted.**

#### **Reason:**

The question whether Section 69(2) is a bar to a suit filed by an unregistered firm even if a statutory right is being enforced or even if only a Common Law right is being enforced came up directly for consideration in this Court in *M/s. Raptokas Brett Co. Ltd. v. Ganesh Property*, [1998] SCC 184. In that case, the Bench clearly expressed the view that Section 69(2) cannot bar the enforcement by way of suit by an unregistered firm in respect of a statutory right or a common law right. On the facts of that case, it was held that the right to evict a tenant upon expiry of the lease was not a right ‘arising from a contract’ but was a common law right or a statutory right under the Transfer of Property Act. The fact that the plaint in that case referred to a lease and to its expiry, made no difference. Hence, the said suit was held not barred. It appears to us that in that case the reference to the lease in the plaint was obviously treated as a historical fact. That case is therefore directly in point. Following the said judgment, it must be held in the present case too that a suit is not barred by Section 69(2) if a statutory right or a common law right is being enforced.

The next question is as to the nature of the right that is being enforced in this suit. It is well settled that a passing off action is a common law action based on tort (vide) *Bengal Waterproof Ltd. v. Bombay Waterproof Manufacturing Company and Anr.*, [1997] 1 SCC99. Therefore, in our opinion, a suit for perpetual injunction to restrain the defendant not to pass-off the defendant’s goods as those of plaintiff’s by using the plaintiffs’ trade mark and for damages is an action at common law and is not barred by Section 69(2). Likewise, if the reliefs of permanent injunction or damages are being claimed on the basis of a registered trade mark and



its infringement, the suit is to be treated as one based on a statutory right under the Trade Marks Act and is, in our view, not barred by Section 69(2). As regards the contention of the defendant that the plaintiffs do not possess any licences or the permissions to carry on the business at the food stall situate at Colaba, Mumbai, the plaintiffs have tendered a compilation of licenses set out in paragraph 13 above. The said licences show that the plaintiffs are not carrying on the business unlawfully or illegally. An attempt has been made on behalf of the defendant to contend that the plaintiffs are not operating within the scope of the said licences. However, the said issues cannot be decided in this suit and it would be open to the defendant to raise the same before the appropriate authorities/forums.

As regards the contention of the defendant that Class-42 is amended, it is true that pursuant to the said Notification, the description “services for providing food and drink...” is shifted from Class-42 to Class-43. However, prima facie I am of the view that until the plaintiffs apply for the purpose of re-classification of the plaintiffs existing registration in Class-42 and the same is considered and dealt with, the plaintiffs cannot be deprived of any benefit in respect of the existing registration.

The impugned trademark of the defendant is thus visually and phonetically identical or deceptively similar to the plaintiffs registered trademarks. The defendant is, therefore, guilty of infringing the plaintiffs' trademarks registered under Clauses- 29 and 42 of the Trademarks Act, 1999.

**Greaves Cotton Limited v. Mohammad Rafi & Ors. [DEL] CS (OS) No. 395/2008 V.K. Jain, J. [Decided on 03/06/2011]**

***Brief facts:***

This is a suit for permanent & mandatory injunction, damages, rendition of accounts and delivering up of infringing material. The plaintiff company is engaged in the manufacture of a wide range of industrial products including diesel engines, generating sets, agro equipments, construction equipments and road construction equipments. It is claimed that the word/mark GREAVES is an essential and prominent feature of plaintiff s trade name, corporate name and business style and the trademark GREAVES is the surname of the founder of the plaintiff s predecessor GREAVES COTTON AND COMPANY LIMITED. It is alleged that defendant No.1 who is the proprietor of defendant No.2, made an application for registration of the trademark GREAVES INDIA claiming use of aforesaid mark since 1.12.2004 in respect of self priming pump, monobloc pump, jet pump, shallow well pump, coupled pump, high head coupled pump, diesel pump, which are exactly of the same type as the pumps of the plaintiff company. The plaintiff company sent a legal notice dated 26.12.2007 to the defendant No.1 calling upon it to cease and desist from using the aforesaid mark. In his reply, the defendant claimed to have acquired popularity and publicity through use since 1.12.2004. It is alleged that defendant No.1 is engaged in a business which is similar to the business of the plaintiff company and is dealing in products as that of the plaintiff company, the use of the aforesaid mark by the defendant No.1 would result in causing deception in the market and is likely to lead the purchaser to believe that the products being sold under the marks GREAVES INDIA are manufactured, sold and marketed by the plaintiff company or that the use of the aforesaid mark has been licensed/authorized by the plaintiff company. The defendant No.1 has contested this suit.

**Decision: Suit decreed.**

**Reason:**

It is not necessary that in order to constitute infringement, the impugned trademark should be an absolute replica of the registered trademark of the plaintiff. When the mark of the defendant is not identical to the mark of the plaintiff, it would be necessary for the plaintiff to establish that the mark being used by the defendant resembles his mark to such an extent that it is likely to deceive or cause confusion and that the user of the impugned

trademark is in relation to the goods in respect of which the plaintiff has obtained registration in his favour. It will be sufficient if the plaintiff is able to show that the trademark adopted by the defendant resembles its trademark in a substantial degree, on account of extensive use of the main features found in his trademark. In fact, any intelligent person, seeking to encash upon the goodwill and reputation of a well-established trademark, would make some minor changes here and there so as to claim in the event of a suit or other proceeding, being initiated against him that the trademark being used by him, does not constitute infringement of the trademark, ownership of which vests in some other person. But, such rather minor variations or distinguishing features would not deprive the plaintiff of injunction in case resemblance in the two trademarks is found to be substantial, to the extent that the impugned trademark is found to be similar to the registered trademark of the plaintiff. But, such malpractices are not acceptable and such a use cannot be permitted since this is actuated by a dishonest intention to take pecuniary advantage of the goodwill and brand image which the registered mark enjoys, it is also likely to create at least initial confusion in the mind of a consumer with average intelligence and imperfect recollection. It may also result in giving an unfair advantage to the infringer by creating an initial interest in the customer, who on account of such deceptive use of the registered trademark may end up buying the product of the infringer, though after knowing, either on account of difference in packaging etc. or on account of use of prefixes or suffixes that the product which he is buying is not the product of the plaintiff, but is the product of the defendant.

As noted earlier, the defendant No.1 himself has admitted in his cross examination that he was manufacturing mono-block pumps, jet pumps, shallow well pumps, coupling pumps, high head pumps, and diesel pumps under the trade name GREAVES INDIA. It has also come in deposition of PW- 1, that the defendants are manufacturing self priming pump, mono-bloc pump, jet pump, shallow well pump, coupled pump, high head coupled pump, diesel pump etc. and in his application for registration also the defendant No.1 has claimed use of the mark "GREAVES INDIA" in respect of the above referred products which according to PW-1 are exactly of the same type as are the pumps of the plaintiff company. It thus, stands proved that the mark "GREAVES INDIA" is being used by the defendant No.1 in respect of the same products for which the mark Greaves is being used by the plaintiff company. The defendant before this Court has thus, been manufacturing and selling the same product under the trade name "GREAVES INDIA", which the plaintiff company has been manufacturing and selling under its registered trade mark "GREAVES". By using the word "GREAVES INDIA" the defendant No.1 lifted and adopted the whole of the registered trademark of the plaintiff company, thereby causing infringement of that trade mark.

Mere use of the word "INDIA" would make no difference since the word "GREAVES" is not only an essential but also the main component of the trademark "GREAVES INDIA" being used by the defendant No.1. Use of the word "INDIA" as a suffix and not as a prefix is also a strong indicator that the defendant No.1 wanted to encash upon the popularity, goodwill and reputation of the word "GREAVES" engines not only in India but in many other countries. In fact had the defendant No.1 used the word "INDIA" as prefix even that, in my view would have constituted infringement, in facts and circumstances of this case. It would be pertinent to note here that the defendant No.1 has not given any reason or explanation for use of the word "GREAVES" which is the most essential component of his trademark. During cross examination, he could not even give any meaning to the word "GREAVES". This clearly shows that the adoption of the word "GREAVES" by the defendant was dishonest, actuated with the intention to encash upon the tremendous reputation which the registered trademark of the plaintiff enjoys in the market. It would also be appropriate to note here that "GREAVES" is not a dictionary word and is alleged to be the surname of the founder of the plaintiff company. Neither deletion of a part of a registered trademark nor the prefix or suffix of another word to it would validate the use of the registered mark by an unlicensed user, once it is shown that the part used by the infringer is an essential part of the registered trademark. It also in interest of the consumer that a well established brand such as "GREAVES" is not to be

allowed to be used by another person. A person purchasing pumping sets being sold by the plaintiff company under the name “GREAVES”, when he comes across the product of the defendant No.1 being sold under the trade name “GREAVES INDIA”, on account of imperfect recollection and his not having the product of the plaintiff with him at that time, may form an impression that both the products emanate from the same source and that is why both of them are using the word “GREAVES” for selling similar products. This may cause confusion in the minds of the consumers. Also, if the quality of the product of the defendant No.1 is not found to be as good as the quality of the product of the plaintiff, the consumer may feel cheated; he having paid the price which the product of the plaintiff commands in the market and he may also form an opinion that the quality of the product of the plaintiff had gone down and that is why the product purchased by him was found to be of inferior quality. For the reasons given in the preceding paragraphs, the plaintiff is entitled to injunction against use of the trademark “GREAVES” by the defendant No.1. The plaintiff is also entitled to mandatory injunction directing the defendant No.1 to withdraw his application submitted to trade mark registry for registration of the mark “GREAVES INDIA”. The issues are decided against the defendant No.1 and in favour of the plaintiff.

In view of my finding on other issues, the plaintiff is entitled to injunction and damages as stated above in this judgment. A decree for perpetual injunction is hereby passed restraining the defendant No.1 from manufacturing selling, offering for sale advertising or promoting any self priming pump, monobloc pump, jet pump, shallow well pump, coupled pump, high head coupled pump, diesel pump under the trade mark “GREAVES INDIA” or any other mark which is identical or deceptively similar to the registered trademark GREAVES” of the plaintiff. A decree for mandatory injunction is also passed directing the defendant No.1 to withdraw its application No. 1387589, submitted by it to trademark registry for the registration of the trademark “GREAVES INDIA”, within six weeks. A decree for damages amounting to Rs.1 lakh is also passed in favour of the plaintiff and against defendant No.1. The defendant No. 2 is not a legal entity and is only a trade name adopted by defendant No.1. Hence, the suit against defendant No.2 is dismissed. If the amount or damages is not paid within six weeks, the plaintiff will also be entitled to *pendente lite* and future interest @ 6% p.a. on the amount of damages.

***Hindustan Unilever Limited v. Ashique Chemicals & Ors [BOM] Notice of Motion No. 926 of 2010 in Suit No. 862 of 2010 S.J. Vazifdar, J. [Decided on 08/08/2011]***

#### **Brief facts:**

The plaintiff seeks a perpetual injunction, restraining the defendants from using, in relation to soaps or detergents, the impugned mark “SunPlus” or the word “Sun” with any prefix or suffix or any other deceptively similar mark or the impugned labels containing the words “Sunplus” or any other deceptively similar labels so as to infringe the plaintiff’s registered trademarks or so as to pass off the defendants’ goods as and those of the goods of the plaintiff. The plaintiff is the registered proprietor of the words marks “Sun”, “Sunlight” and “Sunsilk” under class 3. The marks “Sunlight” and “Sunsilk” are associated with the mark “Sun”. The plaintiff is also the registered proprietor of the label marks, which include prominently the word “Sunlight”. The plaintiff has admittedly not used the mark “Sun” in India, but the other marks are associated with the word mark “Sun”.

#### **Decision: Suit dismissed.**

#### **Reason:**

The defendant has been using the mark since the year 1997. The defendant has developed a reputation in the market on its own in the State of Kerala. There is nothing to suggest that in the State of Kerala, the mark “Sunlight” had acquired such a reputation that the plaintiff derived advantage merely by trading on the same. The mark “Sun” has not been used for over 60 years. There is a possibility that if the plaintiff’s mark had acquired reputation in Kerala, it would have come across the plaintiff’s mark which has been widely advertised in a variety of ways, including on television channels, hoardings and in magazines. In that event, the plaintiff

would have noticed the defendant mark and adopted proceedings earlier. As it is, the defendants have used the mark for almost fifteen years now. In the result, the plaintiff's action for infringement of the registered mark "Sun" cannot succeed. Nor can the action for passing off in respect of the mark "Sun" succeed as admittedly it has never been used.

The next question is whether this action can succeed in respect of the mark "Sunlight". I do not consider the defendant's mark "Sunplus" to be deceptively similar to the plaintiff's mark "Sunlight". The mere fact that the marks are prefixed by the letters "Sun" would not indicate deceptive similarity. The marks "Sunlight" and "Sunplus" are phonetically and visually distinct. Moreover, the word SunPlus is written in the stylized manner, I have described earlier, reducing the possibility of confusion. Further, in both the marks the suffix is pronounced and distinct from the prefix. Thus, on the one hand, the word "Sun" has not been used for over 60 years and on the other, there is no deceptive similarity between the words "Sunplus" and "Sunlight". Thus, even if inspection had been taken by the defendants of the records of the Registrar of Trade Marks, it would have made no difference.

In the circumstances, the Notice of Motion is dismissed with costs fixed at `0, 000/-.

***South African Breweries International (Finance) BV & Anr v. Mohan Goldwater Breweries Ltd. & Anr [DEL] C.S(OS).No. 1073/2002 V.K. Jain, J. [Decided on 31/10/2011]***

**Brief facts:**

Plaintiff No. 1 is a company registered in Netherlands, whereas plaintiff No. 2 is a company registered in India and is a joint venture company, promoted by SAB Group, to which plaintiff No.1-company belongs. The trademark CASTLE, which was originally adopted and used by Charles Glass, doing business as Glass & Company in respect of beer, in the year 1884. In 1895, Glass & Company was taken over by the South African Breweries Limited, which assigned worldwide rights in the trademark CASTLE to Avalon International Incorporate, which subsequently changed its name to SABMARK International Incorporated. Subsequently, SABMARK International assigned those rights to South African Breweries International Holdings Inc., which, in turn, assigned them to plaintiff No. 1- Company. Plaintiff No. 1 claims registration of the trademark CASTLE and CASTLE label in respect of beer in a large number of countries mentioned in para 6 of the plaint and also claims sale of US\$ 1billion. According to the plaintiffs, the trademark CASTLE is a well-known mark in India and is well-recognized worldwide on account of its extensive availability in various countries and duty free shop of various airports. Plaintiff No. 1 also claims to be sponsoring the South African Cricket team for past 10 years and claims that on account of such wide publicity, Indians would be familiar with the trademark CASTLE. It is also alleged that the plaintiffs have been selling beer in India since 1974, under the trademark CASTLE.

Plaintiff No. 1 applied for registration of CASTLE (label) on 29th April, 1995 and the word mark CASTLE on 6th February, 1996. The registrations have since been granted during pendency of the suit. A notice was sent by the defendants to the plaintiff claiming ownership of the trademark CASTLE PILSNER in respect of beer. They also claimed that the trademark OLD CASTLE and CASTLE were registered in their favour on 30th May, 1972 and 22nd October, 1973 respectively and also claimed that the plaintiffs were passing off their goods as those originating from the defendants and, thereby infringing their registered trademark. On enquiry, the plaintiffs came to know that the trademark registrations in favour of the defendants had been removed from the record of Registrar of Trademarks and in fact, the defendants never sold any product bearing the trademark CASTLE. The plaintiffs have sought an injunction, restraining the defendants from manufacturing, selling, offering for sale or advertising any beer or alcoholic beverages, using the trademark CASTLE. They also sought delivery up of all the goods, packaging material bearing the impugned mark besides damages of Rs20,00,000/-.

**Decision: Permanent injunction granted.**

**Reason:**

Coming to the merits of the case, it has come in the affidavit that the registration of trade marks in favour of defendant No.1, vide registration Nos. 280552 and 291623 had been removed from the trade mark register. The relevant extract from Trade Mark Journals notifying removal of these trademarks was advertised are Ex.PW-1/12 & PW-1/13. A perusal of the advertisement Ex.PW-1/12 in Trade Mark Journal dated 01.01.1992 would show that registered mark No.280552 was removed from the register for non-payment of renewal fee from 01.11.1991 to 16.11.1991. 280552 is the registration whereby the trade mark OLD CASTLE was registered in the name of defendant No.1. Ex.PW-1/13 is the copy of Trade Mark Journal dated 16.01.1991 whereby removal of registration No.291623 from the register, for non-payment of renewal fee, was advertised. 291623 is the registration number whereby the trademark CASTLE was registered in the name of defendant No.1. There is no evidence of the Registrar of Trade Marks having actually renewed the registration of the aforesaid trade marks at any point of time after their removal from the register of trademarks was advertised in Trade Mark Journal. Defendant No.1 has not come forward to contest the suit. More importantly, there is no evidence that registration of the trademarks CASTLE and OLD CASTLE in the name of defendant No.1 subsisted on the date of filing of this suit and thereafter. Therefore, it must necessarily be held that defendant No.1 is no more the registered proprietor of the trademarks CASTLE and OLD CASTLE the registrations of the aforesaid marks in its favour having already been removed from the register of trade marks on account of non payment of the requisite fee.

Since it is the plaintiff company which first used the trademark CASTLE in India and the registrations in favour of defendant No.1 have already been cancelled, defendant No.1 Company has no right to use this mark and thereby pass off its goods as that of the plaintiff. As regards the trade mark OLD CASTLE, since this mark includes the whole of the trademark of the plaintiff company, the customer coming across beer being sold under the trade mark OLD CASTLE may buy this product assuming, on account of use of the word CASTLE, it to be a product of the plaintiff company. He may, on seeing a bottle/can of beer bearing the trade mark OLD CASTLE genuinely believe that either this product has been manufactured by the plaintiff company or it is being manufactured under licence or in collaboration with it, and that is why the word CASTLE has been used as a part of the trademark under which the product is being sold. Injunction can be sought not only in a case of actual use but also in a case of threatened use of a trademark. The owner of a trademark is well within his right in coming to the Court, for grant of an injunction, the moment he has a genuine apprehension that the defendant is likely to infringe his mark or to pass off his goods as those of the plaintiff. He need not necessarily wait till actual invasion of his rights and the law entitles him to take remedial action, well in time, whenever there is a reasonable threat of his right being invaded. In the case before this Court, the plaintiff did have a valid cause of action to seek injunction since the defendants themselves gave a cease and desist notice to the plaintiff, with respect to use of the mark CASTLE.

For the reasons given in the preceding paragraphs, a decree for permanent injunction is passed restraining defendant No.1 from selling, distributing or marketing beer under the trademark CASTLE and/or OLD CASTLE. However, considering the fact that this is plaintiffs own case that no beer has ever been sold by defendant No.1 under the trade name CASTLE/OLD CASTLE, I do not deem it appropriate to award any damages to the plaintiffs.

***Infosys Technologies Ltd v. Jupiter Infosys Ltd & Anr. [SC] Civil Appeal Nos. 5743-5745 of 2005 Aftab Alam & R.M. Lodha, JJ.[Decided on 09.11.2010]***

**Brief facts:**

In January 2001, the Appellant filed a suit before the Madras High Court for permanent injunction restraining



the first respondent from offering shares to the public as claimed in the Initial Public Offer (IPO) using the name "Infosys". The Single Judge of the Madras High Court passed an interim restraint order. The first respondent then filed three separate applications before the Madras High Court, inter alia, under Sections 46 and 56 of the Trade and Merchandise Marks Act, 1958 (the 1958 Act) and prayed for the removal/rectification of the entry in the register of trade mark in respect of trade mark No. 475269 in Class 16 while in the other two applications being O.P. No. 765 of 2001 and O.P. No. 766 of 2001, the first respondent prayed for removal/rectification of trade mark No. 475267 in Class 9 and trade mark No. 484837 in Class 7 respectively.

The appellant opposed these applications on diverse grounds by filing counter affidavits. The Madras High Court framed the issues and transferred that suit to IPAB for deciding the issues. The IPAB proceeded with the matter in light of the issues that were already framed by the High Court and heard the parties. The IPAB in the impugned order while dealing with the plea of limitation raised by the appellant held that the first respondent was the appropriate aggrieved party in the matter in view of the fresh cause of action having arisen to the first respondent on filing of Civil Suit No. 71 of 2001 by the appellant before the Madras High Court. The IPAB in the impugned order held that the trade mark Nos. 475269, 475267 and 484837 have not been used by the appellant for more than a period of five years and one month and the appellant also failed to make out that it had been in manufacturing or trading of the goods for which it had taken Registration Nos. 475269, 475267 and 484837. Consequently, the IPAB allowed the applications made by the first respondent purportedly under Section 46(1)(b) of the 1958 Act and directed the Registrar to remove these registrations from the register. The Appellant challenged the above order before the Supreme Court under Special Leave Petition.

**Decision: Appeal allowed. Case remanded to IPAB.**

**Reason:**

Having regard to the order that we intend to make, we are not persuaded to accept the objection raised on behalf of the first respondent that present appeal preferred directly before this Court from the impugned order passed by the IPAB is not maintainable and must be dismissed as such. Pertinently, the notice was issued in the petitions for special leave to appeal to the respondents on November 1, 2004. In response to the said notice the first respondent filed counter affidavit before this Court on March 11, 2005 wherein no specific objection about invocation of jurisdiction of this Court directly has been taken. In the counter affidavit a very vague objection was raised. We are afraid; this is hardly an objection about maintainability. Apart from it, on September 12, 2005 after hearing both parties, special leave was granted by this Court.

In the backdrop of these peculiar facts, in our view, it is not appropriate to relegate the appellant at this distance of time to challenge the impugned order passed by the IPAB in writ petition before the High Court. The objection about maintainability of the appeals is, accordingly, overruled. The moot question which has been debated before us is whether or not, the first respondent is an aggrieved person. That the first respondent filed composite applications under Sections 46 and 56 of the 1958 Act for rectification/removal of the trade mark "Infosys" registered in Classes 7, 9 and 16 is not in dispute.

The position that emerges from the provisions of section 45 and 56 is this. Whether the application is under Section 46 or under Section 56 or a composite application under both Sections, it is a pre-requisite that the applicant must be a person aggrieved. Section 46(1) of the 1958 Act enables any person aggrieved to apply for removal of registered trade mark from the register on the ground of non use as stated in Clause (a) and/or Clause (b). To be an aggrieved person under Section 46, he must be one whose interest is affected in some possible way; it must not be a fanciful suggestion of grievance. A likelihood of some injury or damage to the applicant by such trade mark remaining on the register may meet the test of locus standi. In Kerly's Law of Trade Marks and Trade Names (11th edition) at page 166, the legal position with regard to person aggrieved'

has been summarized thus: The persons who are aggrieved are all persons who are in some way or the other substantially interested in having the mark removed - where it is a question of removal - from the register; including all persons who would be substantially damaged if the mark remained, and all trade rivals over whom an advantage was gained by a trader who was getting the benefit of a registered trade mark to which he was not entitled. We accept the above statement of law.

In so far as Section 56 is concerned, it provides for varying situations in which the person aggrieved may apply for rectification of the registered trade mark from the register. Although both Sections, namely, Sections 46 and 56 require person aggrieved' to apply for removal of the registered trade mark from the register or rectification of a trade mark in the register, the expression person aggrieved' for the purposes of these two Sections has different connotations. The interpretation of the expression person aggrieved' occurring in Sections 46 and 56 has come up for consideration before this Court on more than one occasion.

In our opinion the phrase "person aggrieved" for the purposes of removal on the ground of non-use under Section 46 has a different connotation from the phrase used in Section 56 for cancelling or expunging or varying an entry wrongly made or remaining in the Register. In terms of Section 46(1), not only that the applicant has to show that he is an aggrieved person as his interest is being affected but the IPAB must also be satisfied, before it directs the removal of registered trade mark, that the applicant is an aggrieved person before it invokes the power in directing the removal of the registered trade mark. This is so because the pre-requisite for exercise of power under Section 46(1) is that the applicant is a person aggrieved.

The question then arises, whether it is sufficient for the applicant to show that he is a person aggrieved when he makes his application or he must continue to remain a person aggrieved until such time as the rectification/removal application is finally decided. In our view, the grievance of the applicant when he invokes Section 46(1) must not only be taken to have existed on the date of making application but must continue to exist when such application is decided. If during the pendency of such application, the applicant's cause of complaint does not survive or his grievance does not subsist due to his own action or the applicant has waived his right or he has lost his interest for any other reason, there may not be any justification for rectification as the registered trade mark cannot be said to operate prejudicially to his interest.

In view of the above, these appeals are allowed in part and the impugned order dated September 9, 2004 is set aside. The applications being TRA Nos. 25 to 27 of 2003 (OP Nos. 764 to 766 of 2001) are restored to the file of Intellectual Property Appellate Board, Chennai for hearing and disposal afresh in accordance with law.

***K. Narayanan & Anr. v. S. Murali [JT 2008 (9) SC 26] Tarun Chatterjee & Harjit Singh Bedi, JJ [Decided on 05.08.2008]***

#### **Brief Facts:**

The appellants are engaged in the business of manufacturing and selling Banana Chips and had adopted the trade mark A-ONE with respect to the said Banana Chips in 1986. The appellants had applied for registration of the trade mark A-ONE before the Trade Mark Registry at Chennai on 6th of December, 1999 with respect to the Trade Mark A-ONE which is still pending.

The respondent filed three trade mark applications on 24th of January, 2000 before the Trade Mark Registry at Chennai seeking registration as user of the mark A-ONE throughout India since 1995. Thereafter the appellants filed C.S.No 482 of 2001 on 22nd of May, 2001 on the file of the High Court of Madras, seeking an injunction to restrain the respondent from passing off his goods using the trade mark AONE.

On 6th of March, 2002, the learned Single Judge of the High Court dismissed the injunction application and also revoked the leave to sue, granted by it to the appellants. The appellants, being aggrieved by the aforesaid



order, preferred appeals before the Division Bench of the High Court, which dismissed the appeal. Against the order of dismissal appellants approached the Supreme Court.

**Decision : Appeal dismissed.**

**Reasons:**

In the present case, mere filing of a trade mark application cannot be regarded as a cause of action for filing a suit for passing off since filing of an application for registration of trade mark does not indicate any deception on the part of the respondent to injure business or goodwill of the appellants. Filing of an application for registration of a trade mark does not constitute a part of cause of action in a suit for passing off. The appellants cannot file the suit in the High Court of Madras seeking an injunction to restrain the respondent from passing off his goods using the trade mark A-ONE, based only on the claims made in the trade mark application of respondent filed before the Trade Mark Registry. Before registration is granted for the trade mark, there is no right in the person to assert that the mark has been infringed and that a proposed registration which may, or may not be granted will not confer a cause of action to the plaintiff, whether the application for registration is filed by the plaintiff, or the defendant. For the above said reasons the appeal is dismissed.

***Pfizer Products Inc v. Rajesh Chopra & Ors 127 (2006) DLT 783 Badar Durrez Ahmed, J.***

**Brief Facts:**

The plaintiff company filed a suit against the respondents alleging infringement of its trademark. The plaintiff had alleged in the plaint that the respondents are about to sell the infringed goods in Delhi. On the other hand, the respondents had contended, by way of an application, that the Delhi Court had no territorial jurisdiction as they had not sold the alleged infringed goods in Delhi.

**Decision: Application dismissed.**

**Reasons:**

The other aspect of the matter is that a threat of selling the offending goods in Delhi would in itself confer jurisdiction in the Courts in Delhi to entertain a suit claiming an injunction in respect thereof. Whether the threat perception is justified or not is another matter which has to be considered and decided upon in the application filed by the plaintiff under Order 39 Rules 1 and 2 or on merits when the suit is taken up for disposal. Insofar as Order 7 Rule 10 is concerned, assuming that whatever is stated in the plaint is correct, one would have to also assume that the threat or the intention of the defendants to sell and offer for sale the offending goods in Delhi is also correct. Therefore, if the threat exists then this Court would certainly have jurisdiction to entertain the present suit.

## ASSIGNMENT AND TRANSMISSION

Assignment and Transmission have been defined under Section 2(1) (b) and 2(1)(zc) of the Trade Marks Act, 1999 respectively. Section 2(1) (b) defines "assignment" as assignment in writing by act of the parties concerned. Under section 2(1)(zc) "transmission" means transmission by operation of law, devolution on the personal representative of a deceased person and any other mode of transfer, not being assignment.

Assignment of trade mark involves transfer of ownership of the trade mark to another person or entity. The provisions concerning assignment and transmission of trade mark are contained in section 37 to 45 of the Trade marks Act, 1999 read with rule 75 to 85 of the trademarks rules, 2017.

Section 37 entitles the registered proprietor of a trade mark to assign the trade mark and to give effectual receipts for any consideration for such assignment. Under the new Act, a registered trade mark is assignable

and transmissible whether with or without goodwill of the business either in respect of all goods or services or part thereof. The assignment or transmission of trade mark has been prohibited under Section 40, where multiple exclusive rights would be created in more than one person in relation to same goods or services; same description of goods or services; or goods or services or description of goods or services associated with each other, the use of such trade marks would be likely to deceive or cause confusion.

Assignment of a trade mark without goodwill of business is not allowed unless the assignor obtains directions of the Registrar and advertises the assignment as per the Registrar's directions. The assignment and transmission of certification trade marks is allowed only with the consent of the Registrar. Associated trade marks are assignable and transmissible only as a whole but they will be treated as separate trade marks for all other purposes.

The assignment and transmission of trade marks is absolute. The validity of the assignment can be challenged only on the basis of the provisions contained in Sections 37 to 45 of Trade Marks Act, 1999.

### POSITION OF UNREGISTERED TRADEMARK

An unregistered trade mark may be assigned or transmitted with or without the goodwill of the business concern. Earlier such an assignment or transmission without goodwill used to be on a different footing.

Section 39 of Trade Marks Act, 1999 has simplified the provisions in relation to assignment of unregistered trade mark without goodwill. It lays down that an unregistered trade mark may also be assigned with or without goodwill. Three conditions in Section 38(2) of Trade and Merchandise Marks Act, 1958 which were applicable on assignment of a trade mark without goodwill have been abrogated. Now, both unregistered and registered trade mark are subject to same conditions stated in Section 42, wherein such an assignee is required to apply to the Registrar within six months extendable by three months for directions with respect to advertisement. The assignee must issue the advertisement as directed for assignment to take effect, as the two limbs are cumulative.

Earlier Section 38 of the Trade & Merchandise Marks Act, 1958 provided for assignment or transmission of an unregistered trade mark without goodwill only if the following conditions were fulfilled:

- (i) used in same business as a registered trademark;
- (ii) assigned at the same time to same person as registered trademark;
- (iii) used on same goods as registered trademark.

Thus, the unregistered trade mark had been coupled with a registered trade mark with regard to goods, business, time and person. The situation has changed under Section 39 of Trade Marks Act, 1999 and now, even an unregistered trade mark can be assigned or transmitted without the goodwill of the business concern, and, without subjecting it to the above condition of coupling it with a registered trademark.

### REGISTERED USERS

Sections 48 to 54 contain provisions relating to registered users. Section 50 empowers the Registrar to vary or cancel registration as registered user on the ground that the registered user has used the trade mark otherwise than in accordance with the agreement or in such a way as to cause or likely to cause confusion, or deception or the proprietor/registered user misrepresented or has failed to disclose any material facts for such registration or that the stipulation in the agreement regarding the quality of goods is not enforced or that the circumstances have changed since the date of registration, etc. However, Registrar has been put under obligation to give reasonable opportunity of hearing before cancellation of registration.

Section 51 empowers the Registrar to require the proprietor to confirm, at any time during the continuation of registration as registered user, whether the agreement on the basis of which registered user was registered is still in force, and if such confirmation is not received within a period of three months, the Registrar shall remove the entry thereof from the Register in the prescribed manner. The Act also recognises the right of registered user to take proceedings against infringement.

Section 54 provides that the registered user will not have a right of assignment or transmission. However, it is clarified that where an individual registered user enters into partnership or remains in a reconstituted firm, the use of the mark by the firm would not amount to assignment or transmission.

## **COLLECTIVE MARKS**

The primary function of a collective mark is to indicate a trade connection with the Association or Organization. To be registerable, the collective mark must be capable of being represented graphically and meet other requirements as are applicable to registration of trade marks in general.

Sections 61 to 68 contain provisions relating to the registration of collective trade marks. These provisions provide for registration of a collective mark which belongs to a group or association of persons and the use thereof is reserved for members of the group or association of persons. Collective marks serve to distinguish characteristic features of the products or services offered by those enterprises. It may be owned by an association which may not use the collective mark but whose members may use the same. The association ensures compliance of certain quality standards by its members, who may use the collective mark if they comply with the prescribed requirements concerning its use.

## **CERTIFICATION TRADEMARK**

The purpose of certification trade mark is to show that the goods on which the mark is used have been certified by some competent person in respect of certain characteristics of the goods such as origin, mode of manufacture, quality, etc. The proprietor of a certification trade mark does not himself deal in the goods. A certification trade mark may be used in addition to the user's own trade mark on his goods. Unlike the old Act which empowered the Central Government to register certification trade mark, the new Act delegates the final authority for registration of certification trade mark to the Registrar. Sections 70 to 78 of the Trade Marks Act, 1999 deal with registration of certification trademarks.

### **Distinction between "Trade Mark" and "Certification Mark"**

Trade marks in general serve to distinguish the goods or services of one person from those of others. The function of a certification trade mark is to indicate that the goods or services comply with certain objective standards in respect of origin, material, mode of manufacture of goods or performance of services as certified by a competent person.

## **OFFENCES, PENALTIES AND PROCEDURE**

Sections 101 to 121 deal with the matters relating to offences, penalties and procedure. Some of the important provisions are discussed below.

1. Section 103 deals with the penalty for applying false trade mark, trade description, etc. and imposes punishment with imprisonment for a term which shall not be less than six months but which may extend to three years and with fine which shall not be less than fifty thousand rupees but which may extend to two lakh rupees.

2. Section 105 prescribes enhanced penalty on second and subsequent conviction for offences committed under sections 103 and 104 and imposes punishment with imprisonment which shall not be less than one year but which may extend to three years and with fine which shall not be less than one lakh rupees but which may extend to two lakh rupees.
3. Section 106 provides penalty for removing piece goods, etc., in violation of the provisions of Section 81 dealing with stamping of piece goods, cotton yarn and thread. This section provides for forfeiture of goods to the government and fine upto Rs. 1000.
4. Section 107 makes it an offence if a person falsely represents a trade mark as registered. It has been clarified that use of symbols like “R” in circle in relation to unregistered trade mark would constitute an offence. The punishment for such offences is imprisonment for a term which may extend to three years or with fine or with both. It is also clarified that where the mark in question is registered under the law of the country outside India, the use of the word or other expression to denote such registration in foreign country is permissible.
5. According to section 108, the use of any words which would lead to the belief that a person’s place of business is officially connected with the Trade Mark Office shall be treated as offence and be punishable with imprisonment for a term which may extend to two years or with fine or with both.
6. Section 109 contains provisions for penalty for falsification of entries in the register. This offence is punishable with imprisonment not exceeding two years or with fine or with both.

Section 114 deals with offences by companies and provides that where a person committing offence is a company, every person in charge of and responsible to the company for the conduct of its business at the time of commission of an offence will be liable. Where a person accused proves that the offence was committed without his knowledge or he has exercised all due diligence to prevent the commission of such offence, he will not be liable. However, where it is proved that an offence has been committed with the consent or connivance or is attributable to any neglect of any Director, Manager, Secretary or any other officer of the company; he shall be deemed to be guilty of the offence. Explanation to this section defines a company as to mean body corporate and includes a firm or other association of individuals. The explanation also defines director in relation to a firm, as to mean a partner in the firm.

### Relief in Suits for Infringement/Passing Off

Civil Litigation : A suit can be initiated either under the law of passing off or for infringement under the Trade Marks Act, 1999 depending on whether the trade mark is unregistered, pending registration or registered respectively.

- **Jurisdiction and Venue:** The suit for passing off and/or infringement can be initiated either in the District Court or in the High Court depending on the valuation of the suit. The suit can be at the place where the rights holder or one of the rights holders actually and voluntarily reside or work for gain or carries on business.
- **Elements of the Complaint:** In the complaint, the rights holder is required to demonstrate that (a) the alleged infringing act involves a mark that is identical or similar to a trade mark of the rights holder; (b) the infringing representation of a trade mark is being used in connection with goods or services and might lead to confusion in public regarding the origin of the infringing goods/services; (c) the unlawful act interfered with the trade mark holder’s rights of exclusive use or caused the rights holder economic loss.

Section 135 expressly stipulates that the relief which a Court may grant in any suit for infringement or for passing off referred to in Section 134 includes injunction (subject to such terms, if any, as the court thinks fit) and at the option of the plaintiff, either damages or an account of profits, together with or without any order for the delivery up of the infringing labels and marks for destruction or erasure.

**Ex-parte Interim Injunction:** Most Indian Courts will grant *ex-parte* interim injunctions. *Ex-parte* interim injunction is a temporary injunction granted without any notice to the infringer restraining him from using the infringing mark during the pendency of the trial. This injunction is normally granted at the early stages of the trial and many a times on the first date of hearing itself, provided that the rights holder is able to establish its rights before the Court and prove the gravity of the offence, merits immediate consideration.

An interlocutory order for any of the following matters can also be passed, namely:—

- (a) for discovery of documents;
- (b) preserving of infringing goods, documents or other evidence which are related to the subject-matter of the suit;
- (c) restraining the defendant from disposing of or dealing with his assets in a manner which may adversely affect plaintiff's ability to recover damages, costs or other pecuniary remedies which may be finally awarded to the plaintiff.

The Court shall not grant relief by way of damages (other than nominal damages) or on account of profits in any case—

- (a) where in a suit for infringement of a trade mark, the infringement complained of is in relation to a certification trade mark or collective mark; or
- (b) where in a suit for infringement the defendant satisfies the court –
  - (i) that at the time he commenced to use the trade mark complained of in the suit, he was unaware and had no reasonable ground for believing that the trade mark of the plaintiff was on the register or that the plaintiff was a registered user using by way of permitted use; and
  - (ii) that when he became aware of the existence and nature of the plaintiff's right in the trade mark, he forthwith ceased to use the trade mark in relation to goods or services in respect of which it was registered.

However, the Courts are restrained from granting relief by way of damages (other than nominal damages) or on account of profit in any case where the infringement complained of relates to certification mark or collective mark or where the defendant satisfies the Court that when he used the mark, he was unaware or had no reasonable ground of belief that the trade mark is registered one and when he came to know of existence and nature of plaintiff's right, he stopped the use of the trade mark.

The distinction between a suit based on infringement and that based on passing off was explained by the Supreme Court in *Kaviraj Pandit Durga Dutt Sharma v. Navratna Pharmaceutical Laboratories*, AIR 1965 SC 980. It was explained that “while an action for passing off is a common law remedy being in substance an action for deceit, that is, a passing off by a person of his own goods as those of another, that is not the gist of an action for infringement. The action for infringement is a statutory remedy conferred on the registered proprietor of a registered trade mark for the vindication of the ‘exclusive right to the use of the trade mark in relation to those goods’. The use by the defendant of the trade mark of the plaintiff is not essential in an action for passing off, but is the sine qua non in the case of an action for infringement.”

It was further noticed that “where the evidence in respect of passing off consists merely of the colourable use of a registered trade mark, the essential features of both the actions might coincide, in an action for infringement, the plaintiff must, no doubt, make out that the defendant's mark is so close either visually, phonetically or otherwise and the Court should reach the conclusion that there is an imitation” in which event it would be established that the plaintiff's rights are violated.

The grant of an injunction is a right expressly provided by the Trade Marks Act, 1999. The rules governing the grant of injunctions in trade mark cases are based on the provisions contained in Sections 36 to 42 of the Indian Specific Relief Act, 1963 and Order 39 Rules 1 and 2 read with Section 151 of the Code of Civil Procedure (*Century v. Roshanlal* AIR 1978 Del.250).

In *Midas Hygiene Industries (P) Ltd. v. Sudhir Bhatia and Ors.*, AIR 2004 SC 186, it was held that the law on the subject is well settled. In cases of infringement either of trade mark or of copyright, normally an injunction must follow. Mere delay in bringing action is not sufficient to defeat grant of injunction in such cases. The grant of injunction also becomes necessary if it *prima facie* appears that the adoption of the mark was itself dishonest.

In an action for infringement where the defendant's trade mark is identical with the plaintiff's mark, the Court will not enquire whether the infringement is such as is likely to deceive or cause confusion. The test, therefore, as to likelihood of confusion or deception arising from similarity of marks is the same both in infringement and passing off actions [See *Ruston & Hornsby Ltd. v. The Zamindara Engineering Co.*, AIR 1969 SC 304].

In *Ramdev Food Products Pvt. Ltd. v. Arvindbhai Rambhai Patel and Ors.*, AIR 2006, it was held that a *prima facie* case of irreparable injury has been made out by the Appellant. It may not be necessary to show more than loss of goodwill and reputation to fulfill the condition of irreparable injury. If the first two pre-requisites are fulfilled, irreparable loss can be presumed to have taken place.

It was further held that the grant of an interlocutory injunction is in exercise of discretionary power and hence, the Appellate Courts will usually not interfere with it. However, Appellate Courts will substitute their discretion if they find that discretion has been exercised arbitrarily, capriciously, perversely, or where the court has ignored settled principles of law regulating the grant or refusal of interlocutory injunctions. [*Wander Ltd. v. Antox India P. Ltd.*, (1990) Supp SCC 727; *Seema Arshad Zaheer v. MC of Greater Mumbai* (2006) 5 SCALE 263]

In *Laxmikant V. Patel v. Chetanbhai Shah and Anr.*, AIR 2001 SC 763, it was stated:

A person may sell his goods or deliver his services such as in case of a profession under a trading name or style. With the lapse of time such business or services associated with a person acquire a reputation or goodwill which becomes a property which is protected by Courts. A competitor initiating sale of goods or services in the same name or by imitating that name results in injury to the business of one who has the property in that name. The law does not permit any one to carry on his business in such a way as would persuade the customers or clients in believing that the goods or services belonging to someone else are his or are associated therewith. It does not matter whether the latter person does so fraudulently or otherwise. The reasons are two. Firstly, honesty and fair play are, and ought to be, the basic policies in the world of business. Secondly, when a person adopts or intends to adopt a name in connection with his business or services which already belongs to someone else, it results in confusion and has propensity of diverting the customers and clients of someone else to himself and thereby resulting in injury.

The Delhi High Court in *Toyota Jidosha Kabushiki Kaisha v. Deepak Mangal & Others*, 2010 (43) PTC 161(Del.), held that plaintiff is not entitled to the discretionary relief as prayed for by him. He has not been able to make any *prima facie* case in his favour for injuncting the defendant from using the trade mark “PRIUS” on which the defendant is admittedly the registered proprietor and owner since 2002. Principles of equity and fair play also



do not find favour with the plaintiff. The balance of convenience in fact lies in favour of the defendant. If at this stage i.e. after business growth of more than seven years, the defendant is enjoined from using his trade name under which he is selling his auto accessory products, he would suffer huge business loss which would probably bring to a close not only his business reputation but all his legitimate financial expectations. On the other hand no irreparable loss or injury will be suffered by the plaintiff as admittedly the plaintiff is not in the market.

Plaintiff has given up all claims if any on the use of the mark "PRIUS" as he has knocked the doors of the Court after an unexplainable delay of more than six and half years. None of the ingredients for continuing of the interim injunction in favour of the plaintiff arise. If injunction is allowed to continue, the loss to be suffered by the defendant would become irreparable as his business would come to stand still. In these circumstances, balance of convenience is also in favour of the defendant. The application of the defendant under Order 39 Rule 4 CPC is accordingly allowed and the interim ex parte injunction granted is set aside.

Recently in *Proctor & Gamble Co. & Anr v. Shipra Laboratories (November, 2011)*, the Delhi High Court held that it is not in dispute that the defendant has been using the trade mark SAFE GUARD for sale of antiseptic creams. There is practically no difference between the trade mark SAFEGUARD and SAFE GUARD since no person is likely to notice the space between the words SAFE and GUARD...

The Court observed that in any case, the defendant has no legal right to use the trade mark SAFEGUARD or any other mark identical or deceptively similar to this registered trade mark of the plaintiff in respect of any of the products for which registration has been granted. The plaintiffs, therefore, are entitled to an appropriate injunction, restraining the defendant from using the trade mark SAFE GUARD in respect of the product for which registration has been granted to it by Registrar of Trade marks in India.

Criminal Litigation: The Trade Marks Act, 1999 provides for remedies for infringement under the criminal laws too. The police have the power to *suo motu* conduct raids and seizure operations. However, the use of such powers by the police is minimal.

Under the criminal law, should the rights holder not be aware of the details (name, address, dates of infringement, etc.) of the infringers, it is advisable to procure a general search and seizure warrant from the local magistrate and thereafter organize search and seizure operations in that area. In the alternative, should the rights holder be aware of the details of the infringer a complaint can be lodged with the police authorities and raids organized accordingly. In a criminal proceeding, the litigation is between the State and the infringer and therefore the rights holder has a limited role to play. The maximum imprisonment that an infringer can get under the Trade Marks Act, 1999 is up to three years with a fine of up to Rs. two lakhs.

**Provisions under the Customs Laws:** Besides the civil and the criminal remedies mentioned herein above, there are also certain provisions under the trade mark law and the customs law which prohibit the importation of infringing goods in India. The Customs authorities have promulgated guidelines known as the Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007, under which the rights holder can record their registered trade marks with the Customs authorities. These guidelines authorize the Custom officials to seize goods infringing the trade marks of the rights holder at the border without obtaining any orders from the Court.

These rules also empower the Custom officers to destroy the suspended goods under official supervision or dispose them outside the normal channels of commerce after it has been determined that the goods detained have infringed the trade marks of the rights holder and that no legal proceeding is pending in relation to such determination. These rules also prohibit the re-exportation of the goods infringing trade marks in an unaltered state.

***Milment Oftho Industries v. Allergan Inc. (2004) 20 ILD 74 (SC) ; 2004 (170) ELT 260 (SC) S. N. Variava &***



**H. K. Seema, JJ. [Decided on 7.5.2004]**

**Brief Facts:**

The respondent is the owner of trade mark "Ocuflox" in respect of an eye care product containing 'Ofloxacin' and other compounds. The trade mark was registered in various countries except India. The respondent company had no intention to come to India. The appellant, on the other hand, was selling its product 'Ocuflox' on a medicinal preparation containing Ciprofloxacin HCL to be used for the treatment of the eye and ear. The respondents filed a suit of injunction based on passing off action against the appellants.

The appellants contended in the suit that it had coined the word 'Ocuflox' by taking the prefix 'Ocu' from 'Ocular' and 'Flox' from 'Ciprofloxacin' which was the base constituent of the product and that it had been granted registration by the Food & Drug Control Administration and that its application for the registration of the trade name 'Ocuflox' was pending. The trial court refused to grant injunction on the grounds that the respondent's product was not being sold in India and the appellant had introduced the product first in India. The Division Bench of the Court allowed the appeal of the respondent on the ground that it was the first in the market and granted injunction. The appellants approached the Supreme Court of India by way of an appeal against the order granting injunction.

**Decision: Directions given to the trial court to dispose of the matter within 6 months.**

**Reasons:**

While considering the possibility of likelihood of deception or confusion, in present times and particularly in the field of medicines, the courts must keep in mind the fact that nowadays the field of medicine is of an international character. The court has to keep in mind the possibility that with the passage of time, some conflict may occur between the use of the mark by the applicant in India and the user by the overseas company. The court must ensure that public interest is in no way imperilled. Doctors, particularly eminent doctors, medical practitioners and persons or companies connected with medical field keep abreast of latest developments in medicine and preparations worldwide. Medical literature is freely available in the country.

Doctors, medical practitioners and persons connected with the medical field regularly attend medical conferences, symposiums, lectures, etc. It must also be remembered that nowadays goods are widely advertised in newspapers, periodicals, magazines and other media which is available in the country. This results in a product acquiring a worldwide reputation. Thus, if a mark in respect of a drug is associated with the respondents worldwide it would lead to an anomalous situation if an identical mark in respect of a similar drug is allowed to be sold in India. However, one note of caution must be expressed. Multinational corporations, who have no intention of coming to India or introducing their product in India should not be allowed to throttle an Indian company by not permitting it to sell a product in India, if the Indian company has genuinely adopted the mark and developed the product and is first in the market. Thus, the ultimate test should be who is first in the market.

In the instant case, the marks were the same. They were in respect of pharmaceutical products. The mere fact that the respondents had not been using the mark in India would be irrelevant if they were the first in the world market. The Division Bench had relied upon material which prima facie showed that the respondents' product was advertised before the appellants entered the field. On the basis of that material, the Division bench had concluded that the respondents were first to adopt the mark. If that be so, then no fault could be found with the conclusion drawn by the Division Bench.

However, it was submitted on behalf of the appellants that the respondents were not the first to use the mark. It was submitted that there was no proof that the respondents had adopted the mark and used the mark before the appellants started using the mark in India. These were matters which would require examination on evidence.

Considering the fact that for all these years, because of the injunction order, the appellants had sold their product under some other name, the balance of convenience was that the injunction order be continued and the hearing of the suit be expedited. If on evidence it was proved that the respondents had adopted the mark prior to the appellants' doing so, on the settled law, then the respondents would become entitled to an injunction. However, if on evidence it was shown that the respondents had not adopted the mark prior to its use in India by the appellants, then, undoubtedly, the trial court would vacate the injunction. The Trial Court would undoubtedly then assess the damage which appellants had suffered for having wrongly not been allowed to use the mark for all these years. With the above said directions, the appeal stands disposed of.

**Satyam Infoway Ltd v. Sifynet Solutions Pvt Ltd (2004) 120 COMP CAS 729 (SC); (2004) 19 ILD 30 (SC) Mrs. Ruma Paul & P. Venkatarama Reddi, JJ.**

**Brief Facts:** The appellant is a well-known IT company. The appellant owned and registered several domain names such as "www.sifynet", "www.sifymall.com", "www.sifyrealestate.com" etc in 1999 with INCANN. In the year 2001 the respondent company also registered domain names "www.siffy.com" and www.siffynet.net. The appellant served a notice on the respondent not to use the similarly sounding domain names but the respondent did not oblige. The appellant filed a suit in the civil court and obtained a temporary injunction against the respondent. The High Court stayed the operation of the trial courts injunction order and the appellant challenged the order of the High court before the Supreme Court.

**Decision: Appeal allowed.**

**Reasons:**

As far as India is concerned there is no legislation, which explicitly refers to dispute resolution in connection with domain names. But although the operation of the trade marks act, 1999 itself is not extra territorial and may not allow for adequate protection of domain names, this does not mean that domain names are not to be legally protected to the extent possible under the laws relating to passing off.

Passing off action is based on the goodwill that a trader has in his name unlike an action for infringement of a trademark where a trader's right based on property in the name as such. Therefore unless goodwill can be established by the appellant by showing that the public associates the name "Sify" with the services provided by the appellant, it cannot succeed.

The appellant, at least prima facie, had established goodwill by showing that the public associated the name "Sify" with the services provided by the appellant. Apart from the close visual similarity between "Sify" and "Siffy", there is phonetic similarity between the two names. The addition of "net" to "Siffy" did not detract from this similarity. The evident media prominence to "Sify" and the large subscriber base could have left the respondent in no doubt as to its successful existence prior to the adoption of "Siffy" as part of its domain names. It will therefore appear that the justification followed the choice and that the respondent's choice of the word "Siffy" was not original but inspired by the appellant's business name and that the respondent's explanation for its choice of the word "Siffy" as a corporate and domain name is an invented post rationalization. What is also important was that the respondent admittedly adopted the mark after the appellant.

The appellant is the prior user and has the right to debar the respondent from eating into the goodwill it might have built up in connection with the name. The similarity in the name might lead an unwary user of the internet of average intelligence and imperfect recollection to assume a business connection between the two. Such user may, while trying to access the information or services provided by the appellant, put in that extra "f" and be disappointed with the result. The Respondent's assertion that its business is limited to network marketing unlike the appellant which carried on the business of software development, software solution and connected activities

is factually incorrect and legally untenable.

A domain name is accessible by all internet users and the need to maintain an exclusive symbol for such access is crucial. Therefore, a deceptively similar domain name might not only lead to a confusion of the source but the receipt of unsought for services. Besides, the appellant has brought on record printouts of the respondents' website in which it had advertised itself as providing, inter alia, software solutions, integrating and management solutions and software development, covering the same filed as the appellant.

The respondent will not suffer any such loss if an injunction is granted. The respondent can carry on its business and inform its members of the change of name. The fact that the grant of an interlocutory order might disrupt the respondent's business cannot be seen as an argument against granting relief to the appellant to whom it is entitled. The doubtful explanation given by the respondent for the choice of the word "Sify" coupled with the reputation of the appellant led to the conclusion that the respondent is seeking to cash in on the appellant's reputation as a provider of service on the internet. In view of the prima facie view on the dishonest adoption of the appellant's trade name by the respondent, the investments made by the appellant in connection with the trade name, and the public association of the trade name "Sify" with the appellant, the appellant is entitled to the relief it claimed. The decision of the High Court is set aside and that of the city civil court is affirmed.

**Yahoo Inc v. Akash Arora [(2000) CLA-BL.Supp: 106; Dr. M. K. Sharma J (Delhi).]**

**Facts:**

The plaintiff is a global internet media rendering services under the domain name/trade name yahoo. The plaintiff was amongst the first in the field to have the domain name yahoo providing search services. The name yahoo is a dictionary connotation adopted by the plaintiff. It is providing services at the internet under the domain name/trade name of yahoo. The plaintiff had registered trade mark name of yahoo. Its applications for registration of trade mark are pending in 69 countries all over the world. Its application for registration is also pending in India.

In the plaint filed in the High Court the plaintiff stated that the defendant, by adopting the name of yahoo.india offering services similar to those provided by the plaintiff, had been passing off services and goods of its own as those of the plaintiff's trade mark and that this was identical to or deceptively similar to the plaintiff's trade mark. The plaintiff claimed that the defendant could not adopt the domain name/trade name adopted by the plaintiff and that it (the plaintiff) was entitled to protection against passing off, as in the case of trade mark.

Refuting the plaintiff's contentions, the defendant has stated that the trade mark laws in India relate to goods and, therefore, provisions of Trade and Merchandise Marks Act, 1958 were not applicable to the facts of this case, that the trade mark/domain name of yahoo was not registered in India and that, therefore, there could be no action for infringement of the registered trade mark. Further the term yahoo was a general dictionary term. Since it was not a word invented by the plaintiff, it could not claim to have acquired any distinctiveness. Thirdly, persons using internet being technically qualified, literate persons there was no possibility of their mistaking one for the other.

**Decision & Reasons:** Should action for infringement or passing off lie only in respect of goods? The principle underlying action of passing off is that no man is entitled to carry on business of another or to lead him to believe that he was carrying on or has any connection with the business being carried on by another person. Passing off action is a common law remedy. Principles of common law govern actions of passing off. Where parties were engaged in common or overlapping fields of activity competition would take place but if two contesting parties are involved in the same or similar line of business there is bound to be a grave and immense possibility for confusion and suspicion and, therefore, there is possibility of suffering damage.

In the instant case both the parties have a common field of activity: operating on the web site and providing information, which is almost similar in nature. Courts in the United States have held that the domain name serves the same functions as the trade mark and that it is not a mere address or like finding number on the internet and, therefore, domain name is entitled to equal protection as trade mark. A domain name is more than a mere internet address for it also identifies the internet site to those who reach it. It is also held that where the value of a name consists solely in its resemblance to the name or trade mark of another enterprise the court will normally assume that the public is likely to be deceived, for why would the defendants choose it?

Although the word 'services' may not find place in sections 27 and 29 of the Trade and Merchandise Marks Act 1958, the expression 'services rendered' has come to be recognised for an 'action of passing off'. Thus the law of passing off is an action under the common law which also is given statutory recognition in the Act. It cannot, therefore, be said that passing off action cannot be maintained against services on the ground that it could be maintained only for goods.

With the advancement of technology, services rendered on the internet have also come to be recognised and accepted and are being given protection to the provider of service from passing off as services rendered by others as those of the plaintiff. In the instant case yahoo of the plaintiff and yahoo.india of the defendant are almost similar except for the use of the suffix "india" by the defendant. In cases where the degree of similarity of the markets is of vital importance in an action for passing off, there is every possibility and likelihood of confusion and suspicion being caused. When both the domain names are considered, it becomes clear that the two being almost identical or similar in nature, there is every possibility of a user of internet being confused and deceived into believing that both the domain names belong to one common source and connection, although the two belong to two different sources.

There is no merit in the argument that since the users of internet are sophisticated persons, there is no risk of confusion. This is because though he/she is a sophisticated person, as a consumer he may be unsophisticated and such person may first go to defendant's internet site. The other argument that since yahoo is taken from a dictionary it cannot be appropriated as the domain name/trade mark of any particular person. There are a number of instances where such words are used by various companies as their trade marks. Those words have acquired uniqueness and distinctiveness and are associated with the business of the concern. And such words have received protection from courts as for example Whirlpool.

**Rediff Communications Ltd. v. Cyberbooth [(2000) CLA BL-Supp. 115; A. P. Shah J (Bom)].**

#### **Facts:**

The plaintiff was a group of companies named Rediffusion Dentsu Young and Rubican Advertising Ltd. The domain name of Rediff used by the plaintiff comprised of the first six letters (shown in bold) of the group name and is associated with the plaintiff and its group of companies. The domain name was registered by the plaintiffs. In the present suit they alleged that the domain name of Radiff.com registered by the defendants was intended to induce members of the public into believing that the defendants were associated with the plaintiffs and/or part of the Rediff group of companies. Adoption of the name, according to them, was a deliberate act on the defendant's part to pass off their business services as those of the plaintiff. On the other hand the defendants contended that the name was derived by taking the first three letters of Radical and the first letters of the three words 'information' and 'future' and 'free'. Therefore, according to them, there was no likelihood of deception or confusion between the two domain names.

The question before the Court was whether the domain name Radiff chosen by the defendants was deceptively similar to the domain name/mark of the plaintiffs and whether they seek to pass off their goods and services as those of the plaintiffs.

*Decision & Reasons:* To promote themselves and their products, in some cases to buy and sell goods and services, internet is being used by commercial organisations all over the world. For these purposes they need a domain name identifying the computer which they are using. The domain name enables them to have a e-mail address and a web site address. Decisions of American, English and Indian Courts establish that the internet domain names are of importance and can be valuable corporate assets. A domain name is more than an internet address and is entitled to equal protection as trade mark. With the advancement and progress in technology services rendered on the internet site have also come to be recognised/ accepted and are being given protection so as to protect such provider of service from 'passing off' the services rendered by others as his own services.

Passing off: its meaning and scope: The principle underlying the action of passing off is that no one is entitled to carry on his business in such a way as to lead to the belief that he is carrying on the business of another man or to lead to believe that the carrying on has any connection with the business being carried on by another man.

In the instant case the plaintiff and the defendant were carrying on business of communication and providing services through the internet. They were operating the web sites and providing information of a similar nature. The domain name of Rediff adopted by the defendant was almost similar in nature to the domain name of the plaintiff. There is therefore every possibility of an internet user getting confused and deceived into believing that both the domain names belonged to one common source.

The explanation offered by the defendants for using their domain name made no sense. The only object in adopting the domain name of Rediff was to trade upon the reputation of the plaintiff's domain name of Rediff which they had built up for themselves. The defendant's argument that their field of activity was different from that of the plaintiff had no substance. The field of activity in both cases was similar and overlapping.

***Uniply Industries Ltd. v. Unicorn Plywood (P) Ltd. [2001(3) SCALE 642; S. Rajendra Babu and K. G. Balakrishnan JJ].***

#### **Facts:**

The appellant and the respondent were dealers in plywood and plywood products. While the appellant was established in 1996 the respondent was established in 1993. Both did the same business, each of them adding 'UNI' before the word 'PLY' and 'Board'. Each claimed that they had right of trade mark in respect of these products but no clinching evidence to establish their right of trade mark had been brought on record.

Applications of both of them for registration of trade mark under the Trade & Merchandise Marks Act, 1958 were pending investigation. The Supreme Court observed that in the state of material placed before the lower courts, they should have been wary and cautious in granting injunction that affected the trade and business of another person.

The Supreme Court observed: There are many precedents that for inherently distinctive marks ownership is governed by priority of use of such marks. The first user in the sale of goods or services is the owner, who is senior to the others. These marks are given legal protection against infringement immediately upon adoption and use in trade, if two companies make use of the same trade mark and the gist of passing off in relation to goodwill and reputation to goods.

Some courts indicate that even prior sales of goods, though small in size, with the mark are sufficient to establish priority, the test being to determine continuous prior user and the volume of sale or the degree of familiarity of the public with the mark. Bona fide test of marketing, promotional gifts and experimental sales in small volumes may be sufficient to establish a continuous prior use of the mark. But on other occasions courts have classified small sales volumes as so small and inconsequential for priority purposes. These facts have to

be thrashed out. In the instant case the courts below had merely looked at what the prior case is and tried to decide without considering various other aspects arising in the matter.

**Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd. [2001 CLC 564; B. N.Kirpal, Doraiswamy Raju and Brijesh Kumar JJ (SC)].**

**Facts:** Both the appellant and the respondent were pharmaceutical firms. In a suit for injunction the appellant claimed that a medicine being sold by the respondent under the name of Falcitab was similar to the drug being sold by it (the appellant) under its brand name of Falcigo and that the drug would be passed off as the appellant's drug Falcigo which is used for the treatment of the same disease in view of the confusing similarity and deception in the names, more so because they were medicines of last resort.

The trial court held that the two drugs Falcitab and Falcigo differ in appearance, formulations and price, that they are sold to hospitals and institutions and that there was thus no chance of deception or of confusion specially as the drug was sold to hospitals and institutions and is not meant to be sold to any individual. The appellant's appeal was dismissed by a single Judge of the High Court holding that there was no chance of any passing off one product for the other.

At the special leave stage the Supreme Court did not consider it necessary to interfere with the orders of the High Court but directed the courts below to expedite disposal of the suit. The Court had, however, set out the factors to be kept in mind while dealing with an action for infringement and passing off, especially in cases relating to medicinal products. The Court observed that expression of opinion on merits at this stage would not be advisable.

For deciding the question of deceptive similarity in an action for passing off on the basis of unregistered trade mark the Court directed the trial court to decide the case keeping in view the following factors:

- (a) nature of marks, that is, whether the marks are word marks or label marks or composite marks;
- (b) degree of resemblance between marks phonetically similar and hence similar in idea;
- (c) nature of the goods in respect of which they are used as trademarks;
- (d) similarity in the nature, character and performance of the goods of rival traders;
- (e) class of purchasers who are likely to buy the goods bearing the marks they require, on their education and intelligence and a degree of care they are likely to exercise in purchasing and/or using the goods;
- (f) mode of purchasing the goods or placing orders for the goods and any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks.

**Introductory:** Most of our laws are modelled on laws enacted by the British Parliament and the enunciation of laws by our courts is based on the principles of interpretation laid down by superior courts in England. Although the Trade & Merchandise Marks Act, 1958 is based on English law and principles of law laid down in respect of trade marks and passing off action by courts in England, the Supreme Court in the instant case, has struck a note of warning that courts should be wary of using English principles in their entirety, without regard to Indian conditions (for reasons explained in the judgment). This is because in India there is no common language for the whole country, a large majority of the population is illiterate even in their own mother tongue. Only a small percentage of people know English. In trade marks and passing off action cases the Supreme Court observed that 'To apply the principles of English law regarding dissimilarity of the marks or the customer knowing about the distinguishing characteristics of the plaintiff's goods is to overlook the ground realities in India, (see also *Corn Products Refining Co. v. Shangrila Food Products Ltd.*, (1960) 1 SCC 142, for more detailed observations on the point).



In the case of medicinal preparations, however, courts have carved out an exception. It is said that the test to be applied for adjudging violation of trade mark law in these cases may not be at par with cases involving non-medicinal products. 'A stricter approach is adopted because while confusion in the case of non-medicinal products may only cause economic loss to the plaintiff confusion between two medicinal products may have disastrous effects. Stringent measures should be adopted especially where medicines are the medicines of last resort, as any confusion in such medicines may be fatal. Confusion as to the identity of the product itself could have dire consequences on public health. "Public interest would support lesser degree of proof showing confusing similarity in respect of medicinal preparations. Drugs are poisons, not sweets. Confusion between medicinal products may be life threatening.

It is not uncommon that in hospitals drugs can be requested verbally. Many patients may be elderly or infirm or illiterate, may not be in a position to differentiate between one medicine and another.

It is perhaps for this reason that the Drugs and Cosmetics Act has provided that anything that indicates imitation or resemblance of one drug with another drug in a manner that is likely to deceive to be regarded as spurious drug. It is to avoid such situation; the Act enjoins that the authority granting permission to manufacture a drug should be satisfied that there will be no confusion or deception in the market. The authority can ask the applicant to submit certain details to enable that authority to come to a correct conclusion.

#### *Trademark and passing off action: compared*

Trademark is essentially adopted to advertise one's product and to make it known to the purchaser. It attempts to portray the nature and quality of a product. And over a period of time when the product becomes popular, temptations sprout up and induce others to pass off a similar or nearly similar product of theirs as that of the original owner, though not in the same words and same symbols, but in a way that makes the gullible consumer believe the product that he is purchasing is the same as the one on whose quality he has full faith and confidence.

While an action for passing off is a common law remedy for passing off of one's own goods as those of another, action for infringement of a trade mark is a statutory remedy for vindication of one's own exclusive right to the use of trade mark in relation to those goods. The use by the defendant of a trademark is not essential in an action for passing off but is a *sine qua non* in the case of an action for infringement. In a passing off action the plaintiff's right is "against the conduct of the defendant which leads to or is intended to lead to deception. Passing off is said to be a species of unfair trade competition or of actionable unfair trading by which one person, through deception, attempts to obtain an economic benefit of the reputation that the other has established for himself in a particular trade or business. The action is regarded as an action for deceit".

Passing off action depends upon the principle that nobody has a right to represent his goods as the goods of some body else. That is, a man shall not sell his goods or services under the pretence that they were those of another person.

The modern tort of passing off has five elements—(1) a misrepresentation; (2) made by a trader in the course of his trade; (3) to prospective customers of his or ultimate consumers of goods or services supplied to them; (4) which is calculated to injure business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence); and (5) which causes actual damage to a business or goods of the trader by whom the action is brought or will probably do so.

*Trade & Merchandise Marks Act, 1958:* Under section 28 of this Act, on registration of a trade mark, its proprietor gets exclusive right to use the trademark in respect of the trade mark registered by him. However, in respect of a trademark that has not been registered, by virtue of section 27(1) no person shall be entitled to institute any



proceeding to prevent or to recover damages for infringement of unregistered trademark. [For an example of a case how right in a trademark can be decided where two persons are dealing in the same product with one common word say “Uni” in the name of their product but both of which remained unregistered over a period of time see the decision of the Supreme Court in *Uniply Industries Ltd. v. Unicom Plywood(P) Ltd.*, LW: 139.9.2001]

Sections 8 and 10 of the Act use the words “are likely to deceive or cause confusion”. The Act does not lay down any criteria for determining what is likely to deceive or cause confusion. “A trade mark is likely to deceive or cause confusion by its resemblance to another mark which is already on the register if it is likely to do so in the course of its legitimate use in the market where two marks are assumed to be in use by traders in the market.”

*Decisions of Supreme Court:* In *Amritdhara Pharmacy v. Satya Deo.*, [AIR 1963 SC 449] which is the earliest case on the point Amritdhara and Lakshmandhara, were two names in use relating to medicinal preparations which are likely to be purchased by people, both literate and illiterate, for quick alleviation of their suffering. The question was whether the two names Amritdhara and Lakshmandhara are likely to deceive and cause confusion in the minds of buyers. It is said that in such a case the question has to be examined from the point of view of a man of average intelligence and imperfect recollection. To such a man the overall structural phonetic similarity of the two words is likely to deceive or cause confusion. An illiterate villager would go more by the overall structural and phonetic similarity and the nature of the medicine he has previously purchased. Where the trade relates to goods largely sold to illiterate persons a critical comparison of the two words may disclose some point of difference but an unaware purchaser of average intelligence would be deceived by the overall similarity of the two names having regard to the nature of medicine he is looking for. In a passing off action the marks must be compared as a whole: it is not correct to take a part of one word and compare it with a part of another word. Each word must be considered as a whole and compared with the other word as a whole.

The purpose of comparison is for determining whether the essential features of the plaintiff’s trademark are to be found in that used by the defendant. The identification of the essential features of the mark is, in essence, a question of fact and depends on the judgment of the court based on the evidence led before it. This view has been followed by the court for over four decades in later cases.

Amritdhara was the trade name of a medicinal preparation that was used for quick alleviation of various ailments. When the respondent had applied for registration of his preparation Lakshmandhara, which was also a medicinal preparation for the same purpose as the appellant’s medicine, the question arose whether the name Lakshmandhara was likely to deceive the public or cause confusion to the trade. The Supreme Court had held that a consumer would go more by the similarity of the two names in the context of the widely known medicinal preparation that he wants for his ailment.

In *Dyechem Ltd. v. Cadbury (India) Ltd.* 2000(5) SCC 573, the Supreme Court seems to have departed from the principles laid down by the Court in earlier cases. It was observed that ‘where common marks are included in the common trade marks, more regard is to be paid to the parts not common and the proper course is to look at the marks as a whole but at the same time not to disregard the parts which are common’.

Commenting on these observations the Supreme Court held in the instant case that the principle applied in *Dyechem* was not correct for the reason that the ‘dissimilarities have to be more important than the phonetic similarity in the use of the words *Piknik* and *Picnic*. The Court disagreed with the view that ‘the principle of phonetic similarity has to be jettisoned when the manner in which the competing words are written is different and the conclusion so arrived at is clearly contrary to the binding precedent of this court in *Amritdhara* case where the phonetic similarity was applied by judging the two competing marks’. The Court held that the decision in *Dyechem* did not lay down the law correctly

In the Special Leave Petition(C) No.21594 of 2009 decided on 07<sup>th</sup> September, 2009 in the case of M/s.Shree

Vardhman Rice & Gen Mills v. M/s Amar Singh Chawalwala the Supreme Court held that:

“...Without going into the merits of the controversy, we are of the opinion that the matters relating to trademarks, copyrights and patents should be finally decided very expeditiously by the Trial Court instead of merely granting or refusing to grant injunction. Experience shows that in the matters of trademarks, copyrights and patents, litigation is mainly fought between the parties about the temporary injunction and that goes on for years and years and the result is that the suit is hardly decided finally. This is not proper.

### **Safeguards to be Taken by the Proprietor of a Registered Trade Mark to Protect his Rights**

The proprietor of a registered trade mark has to take some safeguards to protect his rights. He should use and renew the trade mark regularly and in time. If the trade mark is misused by others he should file a suit for infringement and passing off and also take criminal action.

## **MADRID AGREEMENT CONCERNING THE INTERNATIONAL REGISTRATION OF MARKS (1891) AND THE PROTOCOL RELATING TO THAT AGREEMENT (1989)**

### **Introduction**

The system of international registration of marks is governed by two treaties:

The Madrid Agreement, concluded in 1891 and revised at Brussels (1900), Washington (1911), The Hague (1925), London (1934), Nice (1957), and Stockholm (1967), and amended in 1979, and the Protocol relating to that Agreement, which was concluded in 1989, with the aim of rendering the Madrid system more flexible and more compatible with the domestic legislation of certain countries which had not been able to accede to the Agreement.

The Madrid Agreement and Protocol are open to any State which is party to the Paris Convention for the Protection of Industrial Property. The two treaties are parallel and independent and States may adhere to either of them or to both. In addition, an intergovernmental organization which maintains its own Office for the registration of marks may become party to the Protocol. Instruments of ratification or accession must be deposited with the Director General of WIPO. States and organizations which are party to the Madrid system are collectively referred to as Contracting Parties.

The system makes it possible to protect a mark in a large number of countries by obtaining an international registration which has effect in each of the Contracting Parties that has been designated.

### **Who May Use the System?**

An application for international registration (international application) may be filed only by a natural person or legal entity having a connection, through establishment, domicile or nationality, with a Contracting Party to the Agreement or the Protocol.

A mark may be the subject of an international application only if it has already been registered with the Trademark Office (referred to as the Office of origin) of the Contracting Party with which the applicant has the necessary connections. However, where all the designations are effected under the Protocol (see below) the international application may be based on a mere application for registration filed with the Office of origin. An international application must be presented to the International Bureau of WIPO through the intermediary of the Office of origin.

### **The International Application**

An application for international registration must designate one or more Contracting Parties where protection is sought. Further designations can be effected subsequently. A Contracting Party may be designated only if it is party to the same treaty as the Contracting Party whose Office is the Office of origin. The latter cannot itself be designated in the international application.

The designation of a given Contracting Party is made either under the Agreement or under the Protocol, depending on which treaty is common to the Contracting Parties concerned. If both Contracting Parties are party to both the Agreement and the Protocol, the designation will be governed by the Agreement, in accordance with the so-called “safeguard clause”

Where all the designations are effected under the Agreement the international application, and any other subsequent communication, must be in French. Where at least one designation is effected under the Protocol, the applicant has the option of English or French, unless the Office of origin restricts this choice to one of these.

The filing of an international application is subject to the payment of a basic fee (which is reduced to 10% of the prescribed amount for international applications filed by applicants whose country of origin is a Least Developed Country (LDC), in accordance with the list established by the United Nations), a supplementary fee for each class of goods and/or services beyond the first three classes, and a complementary fee for each Contracting Party designated. However, a Contracting Party to the Protocol may declare that when it is designated under the Protocol, the complementary fee is to be replaced by an individual fee, whose amount is determined by the Contracting Party concerned but may not be higher than the amount which would be payable for the registration of a mark with its Office.

### **International Registration**

Once the International Bureau receives the international application, it carries out an examination for compliance with the requirements of the Agreement, the Protocol, and their Common Regulations. This examination is restricted to formalities, including the classification and comprehensibility of the list of goods and/or services; any matter of substance, such as whether the mark qualifies for protection or whether it is in conflict with an earlier mark, is left to each designated Contracting Party to determine. If there are no irregularities, the International Bureau records the mark in the International Register, publishes the international registration in the WIPO Gazette of International Marks, and notifies it to each designated Contracting Party.

### **Refusal of Protection**

These Contracting Parties may examine the international registration for compliance with their domestic legislation and, if some substantive provisions are not complied with, they have the right to refuse protection in their territory. Any such refusal, including the indication of the grounds on which it is based, must be communicated to the International Bureau, normally within 12 months from the date of the notification. However, a Contracting Party to the Protocol may declare that, when it is designated under the Protocol, this time limit is extended to 18 months. Such a Contracting Party may also declare that a refusal based on an opposition may be communicated to the International Bureau even after this time limit of 18 months.

The refusal is communicated to the holder, recorded in the International Register and published in the Gazette. The procedure subsequent to a refusal (such as an appeal or a review) is carried out directly between the administration or court of the Contracting Party concerned and the holder, without any involvement of the International Bureau. The final decision concerning the refusal must, however, be communicated to the International Bureau, which records and publishes it.

### Effects of an International Registration

The effects of an international registration in each designated Contracting Party are, as from the date of the international registration, the same as if the mark had been deposited directly with the Office of that Contracting Party. If no refusal is issued within the applicable time limit, or if a refusal originally notified by a Contracting Party is subsequently withdrawn, the protection of the mark in question is, from the date of the international registration, the same as if it had been registered by the Office of that Contracting Party.

Protection may be limited with regard to some or all of the goods or services or may be renounced with regard to only some of the designated Contracting Parties. An international registration may be transferred in relation to all or some of the designated Contracting Parties and all or some goods or services.

### Advantages of the Madrid System

The system of international registration of marks has several advantages for trademark owners. Instead of filing many national applications in all countries of interest, in several different languages, in accordance with different national procedural rules and regulations and paying several different (and often higher) fees, an international registration may be obtained by simply filing one application with the International Bureau (through the Office of the home country), in one language (either English or French) and paying only one set of fees.

Similar advantages exist when the registration has to be renewed; this involves the simple payment of the necessary fees, every 10 years, to the International Bureau. Likewise, if the international registration is assigned to a third party or any other change, such as a change in name and/or address, has occurred, this may be recorded with effect for all the designated Contracting Parties by means of a single procedural step.

### DOMAIN NAMES

Domain names are the human-friendly form of Internet addresses. A domain name is a unique name that identifies a website. For example, the domain name of the Tech Terms Computer Dictionary is “techterms.com.” Each website has a domain name that serves as an address, which is used to access the website.

Whenever we visit a website, the domain name appears in the address bar of the web browser. Some domain names are preceded by “www” (which is not part of the domain name), while others omit the “www” prefix. All domain names have a domain suffix, such as .com, .net, or .org. The domain suffix helps identify the type of website the domain name represents. For example, “.com” domain names are typically used by commercial website, while “.org” websites are often used by non-profit organizations. Some domain names end with a country code, such as “.dk” (Denmark) or “.se” (Sweden), which helps identify the location and audience of the website.

When we access a website, the domain name is actually translated to an IP address, which defines the server where the website is located. This translation is performed dynamically by a service called (DNS). Domain names are formed by the rules and procedures of the Domain Name System (DNS). Technically, any name registered in the DNS is a domain name.

It is common-place for traders to have their electronic mail address and use the same in respect of their goods /services as trade name. In other words the domain name is being used as a trade name or trade mark, and the Registrar will, subject to the usual criteria of the Act, permit domain names to be registered as trade marks if otherwise registerable.

Elements of the domain name such as “.com” or “.co.in” are considered to be totally non-distinctive, much in the same way as “Ltd” and “Plc”. As a general rule, one should consider whether the remainder of the mark is descriptive or non-distinctive; if so, there is likely to be an objection under Section 9(1)(a) of the Act.

### Cyber squatting

Cybersquatting is the act of registering a domain name that is same as, or confusingly similar to, the trademark of another with the intention of selling (at a profit) the domain name to the trademark owner.

As long as a cyber squatter owns the domain name, the trademark owner cannot register his own trademark as a domain name. Thereby, a cyber squatter breaches the right of the trademark owner to utilize his own trademark. It is relevant to note that there is nothing wrong with the practice of reserving a domain name. Often, cyber squatters register words or phrases they hope will some day be sought after by new companies or new businesses. Such speculative domain name registration, (read, speculative cybersquatting) is very much legitimate.

The problem spawned by cybersquatting is augmented as entrepreneurs try to take advantage of the reputation of others by registering domain names which attract members of the public.

### World Intellectual Property Organisation (WIPO) Internet Domain Name Process

Domain names while designed to serve the function of enabling users to locate computers in an easy manner, they have acquired a further significance as business identifiers and, as such, have come into conflict with the system of business identifiers that existed before the arrival of the Internet and that are protected by intellectual property rights.

The tension between domain names, on the one hand, and intellectual property rights, on the other hand, have led to numerous problems that raise challenging policy questions. These policy questions have new dimensions that are a consequence of the intersection of a global, multipurpose medium, the Internet, with systems designed for the physical, territorial world.

In 1999, WIPO published its Report on the First WIPO Internet Domain Name Process, focusing on issues raised inter alia by the intersection of trademarks and domain names. The WIPO recommendations from the First Report were largely implemented by the Internet Corporation for Assigned Names and Numbers (ICANN), and have resulted in implementation of a successful administrative system for resolving domain name disputes involving trademarks and a system of best practices for domain name registration authorities, designed to avoid such conflicts.

However, a number of issues were identified as being outside the scope of the First WIPO Process, and required further consultation and resolution.

The Second WIPO Internet Domain Name Process was initiated at the request of the Member States of WIPO. The Second WIPO Process concerns a range of identifiers other than trademarks and is directed at examining the bad faith and misleading registration and use of those identifiers as domain names. These other identifiers, which form the basis of naming systems used in the real or physical world, are:

- International Non proprietary Names (INNs) for pharmaceutical substances, a consensus-based naming system used in the health sector to establish generic names for pharmaceutical substances that are free from private rights of property or control;
- The names and acronyms of international intergovernmental organizations (IGOs);
- Personal names;
- Geographical identifiers, such as indications of geographical source used on goods, geographical indications, and other geographical terms;

- Trade names, which are the names used by enterprises to identify themselves.

The international legal framework for the protection of these other identifiers is not as developed as it is for the protection of trademarks. In some cases, for example, geographical indications and trade names, elements of international protection exist, but they do not constitute a complete system that is uniformly applied throughout the world. In other cases, for example, personal names and the names of geographical localities, such as cities, used outside the context of trade in goods, there are no clear elements of an international framework.

The Report finds that there is considerable evidence of the registration and use of the identifiers examined in the Report as domain names by persons who might be considered not to be properly entitled to use the identifiers in question. Moreover, it is clear from the comments received by WIPO in the process leading to the Report that the registration of these identifiers as domain names by such persons offends much sensitivity. For example, many commentators considered that the registration as domain names of the names of eminent political, scientific or religious persons, or the names of countries, cities or indigenous peoples, by parties without any association with the persons, places or peoples concerned, was unacceptable.

The possibility of registering these identifiers as domain names is a on sequence of the first-come, first- served, highly automated and efficient nature of the stem used for domain name registration, which does not involve any screening of domain name applications. That same system has also allowed the tremendous growth that has taken place in the use of the Internet, while acting as the means of preserving universal connectivity on the Internet.

While the sensitivities offended by the registration and use of the identifiers considered in this Report by unconnected parties must be acknowledged, the insufficiencies of the current international legal framework must also be recognized. It is for the international community to decide whether it wishes to address any of these insufficiencies in order to establish an adequate legal basis to deal with the practices that might be considered to be unacceptable. Chapter Two of the Report outlines the instruments at the disposal of international community for this purpose.

These instruments include self-regulation, the deployment of the contractual system within the DNS that allows ICANN to ensure certain uniform rules with respect to domain name registries, registrars and registrants, and the more traditional instrument of the treaty. These instruments are not exclusive, but can be used in combination. Thus, the UDRP represents a deployment, through the contractual relations that make up the ICANN system, of established rules relating to trademark protection that have been developed in widely accepted treaties. It will be for the international community to choose not only whether it wishes to make new rules to deal with any of the identifiers examined in this Report, but also how it may wish to develop such rules and implement them.

The specific findings and recommendations made with respect to the various identifiers examined in this Report are:

- (i) For INNs, which are examined in Chapter Three of the Report, it is recommended that a simple mechanism be established which would protect INNs against identical domain name registrations. The mechanism would allow any interested party to notify WIPO that a domain name registration is identical to an INN, whereupon WIPO would, in conjunction with the World Health Organization (WHO), verify the exact similarity between the domain name and the INN and notify this to ICANN, which would, in turn, notify the registrar with which the registration was made that the domain name registration should be cancelled.
- (ii) For the names and acronyms of IGOs, which are examined in Chapter Four of the Report, it is recommended that States, as the constituents of IGOs, should work towards the establishment of an



administrative dispute-resolution procedure, akin to the UDRP, where an IGO could bring a complaint that a domain name was the same or confusingly similar to the name or acronym of the IGO, that it has been registered without legal justification and that it likely to create a misleading association between the holder of the domain name registration and the IGO in question.

- (iii) For personal names, which are the subject of Chapter Five of the Report, it was found that there no existing international norms dealing with their protection and that national legal systems provide for a wide diversity of legal approaches to their protection. The sensitivities offended by the registration of personal names as domain names by parties unconnected with the persons in question is recognized, and it is suggested that the international community needs to decide whether it wishes to work towards some means of protection of personal names against abuse of domain name registrations.
- (iv) For geographical identifiers, which are dealt with in Chapter Six, it is recognized that certain norms exist at the international level which prohibit false and deceptive indications of geographical source on goods and which protect geographical indications, or the names of geographical localities with which goods having particular characteristics derived from that locality are associated. However, these rules apply to trade in goods and may require some adaptation to deal with the perceived range of problems with the misuse of geographical indications in the DNS. Furthermore, the lack of an international agreed list of geographical indications would pose significant problems for the application of the UDRP in this area because of the need to make difficult choices of applicable law. It is suggested that the international framework in this area needs to be further advanced before an adequate solution is available to the misuse of geographical indications in the DNS. As far as other geographical terms are concerned, the Report produces considerable evidence of the widespread registration of the names of countries, places within countries and indigenous peoples as domain names by persons unassociated with the countries, places or peoples. However, these areas are not covered by existing international laws and a decision needs to be taken as to whether such laws ought to be developed.
- (v) For trade names, which are the subject of Chapter Seven, the situation is similar to that of geographical indications, insofar as certain international norms exist for the protection of trade names, but fundamental problems exist in identifying across differing national approaches what constitutes a protectable trade name, and consequently, in avoiding highly complex choices of applicable law on a global medium. It is recommended that no action be taken in this area.

## DOMAIN NAME DISPUTES IN INDIA

In India, no legislation explicitly describes cybersquatting or other domain name disputes. The Information Technology Act, 2000 (IT Act), which addresses many cybercrimes, oddly ignores the problem of domain name disputes and cybersquatting. However, domain names may be considered trademarks based on use and brand reputation. In the absence of appropriate law that deals with cybersquatting, victims can initiate an action for passing off and infringement of trademarks under the Trade Marks Act, 1999.

**1. “.IN”Dispute Resolution Policy** – In response to these issues the .IN Dispute Resolution Policy (.INDRP) was formulated by the .IN Registry for the domain name dispute resolution in India. The .INDRP claims to be in line with internationally accepted guidelines and relevant provisions of the Indian Information Technology Act 2000. Under the National Internet Exchange of India (NIXI), the .IN Registry functions as an autonomous body with primary responsibility for maintaining the .IN ccTLD and ensuring its operational stability, reliability, and security.

Proceedings at the .INDRP can be initiated by any person who considers that the registered domain name



conflicts with his legitimate rights or interests on the premise that:

- The registrant's domain name is identical or confusingly similar to a name, trademark or service mark in which he has rights; or
- the registrant has no rights or legitimate interests in respect of the domain name; and
- the registrant's domain name has been registered or is being used in bad faith. The registrant is required to submit to a mandatory arbitration proceeding if a complaint is filed. The .IN Registry appoints an arbitrator to proceedings in accordance with the Arbitration & Conciliation Act 1996. The arbitrator usually considers the domain name registered and used in bad faith in circumstances when:
- the registrant has acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the registration to the owner of the trademark or service mark, or to a competitor of the complainant, for valuable consideration in excess of the registrant's documented out-of-pocket costs directly related to the domain name; or
- the registrant has registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that the registrant has engaged in a pattern of such conduct; or
- the registrant has intentionally attempted to attract Internet users to his website or other online location, by creating a likelihood of confusion with the complainant's name or mark as to the source, sponsorship, affiliation, or endorsement of the registrant's website or of a product or service on the registrant's website.

In the case of **Starbucks corporation v. Mohanraj** (Decided on 26<sup>th</sup> Nov, 2009) the respondent's domain name [www.starbucks.co.in](http://www.starbucks.co.in) was confusingly similar to the complainant's domain name [www.starbuscks.in](http://www.starbuscks.in), it was contended that the domain name of the respondent is identical and confusingly similar to the complainant's domain name. It was also contended that the respondent has no legitimate interest in the domain name. Further it was contended that the mark was used by the respondent in bad faith. The learned arbitrator held that the disputed domain name was confusing, similar and identical to the complainant and that they had right in the trademark. The respondent had registered the domain name in bad faith and so the domain name should be transferred to the complainant.

In the case of **Morgan Stanley v. Bharat Jain** (Decided on 28<sup>th</sup> October 2010) the disputed domain name [www.morganstanleybank.co.in](http://www.morganstanleybank.co.in) was registered by the respondent on June 20, 2010. The complainant contended that the addition of ccTLD «.co.in.» was insufficient to render the disputed domain name dissimilar to the complainant's mark MORGAN STANLEY. Hence the disputed domain name was confusingly similar to the above stated mark.

In the case of **GOOGLE Inc. v. Gulshan Khatri** (Decided on 6<sup>th</sup> May, 2011). The complainant filed the instant complaint challenging the registration of the domain name in favor of the respondent the grievance of the complainant was regarding the latter's act of adopting identical and identical domain name and that also in respect of similar services of the respondent.

The learned arbitrator held that the impugned domain name was identical and confusingly to the other prior registered domain name and registered trademark of the complainant and directed the registry to cancel the said domain name forthwith and transfer the said domain name in favor of the complainant.

In 2018, October 10 the .INDRP has restrain the respondent from using the domain name and transfer the domain name in favor of the complainant.

**2. Judicial Precedence** –There has been lot of instances of cybersquatting in the past few years in India. The courts always deal with matters related to domain name dispute and cybersquatting. In India one of the earliest judgments on cybersquatting was from the Bombay High Court in case of **Rediff Communication v. Cyberbooth**. In this case the court was of the opinion that the value and importance of a domain name is like a corporate asset of a company. In this case the defendant had registered the domain name radiff.com which was similar to rediff.com. The Court was of the opinion that internet domain names are of importance and can be a valuable corporate asset and such domain name is more than an Internet address and is entitled to protection equal to a trade mark. The court gave the decision in favor of the plaintiff.

In India, due to the absence of relevant cyber laws, cases are decided within the ambit of trademark laws by interpreting the principle of Passing off with regard to domain names in the court and by the .IN dispute resolution policy in India. On account of the problems Indian jurisdiction faced and the various jurisdictions looked into there is an urgent need to draft a new legislation in India which would expressly deal with cybersquatting and domain name disputes.

### LESSON ROUNDUP

- A trade mark provides protection to the owner of the mark by ensuring the exclusive right to use it or to authorize another to use it in return for payment.
- With the advent of WTO, the law of trade marks is now modernized under the Trade Marks Act of 1999 which provides for the registration of service marks and introduces various other provisions in conformity with the Trade Mark Law in developed countries.
- The current law of trade marks contained in the Trade Marks Act, 1999 and is in harmony with two major international treaties on the subject, namely, The Paris Convention for Protection of Industrial Property and TRIPS Agreement, to both of which India is a signatory.
- Under the Act, Central Government appoints Controller-General of Patents, Designs, and Trade Marks, the Registrar of Trade Marks for the purposes of the Trade Marks Act 1999.
- The registration procedure in India is based on the ‘first to file’ system. It is therefore important that the rights holder applies for the registration of its mark as soon as possible.
- The registration of a trade mark confers on the registered proprietor of the trade mark the exclusive right to use the trade mark in relation to the goods or services in respect of which the trade mark is registered. While registration of a trade mark is not compulsory, it offers better legal protection for an action for infringement
- The meaning of infringement has been enlarged as more actions shall be taken as constituting infringement which are listed in Section 29. The Act has simplified the provisions in relation to assignment of unregistered trade mark without goodwill providing that an unregistered trade mark may also be assigned with or without goodwill.
- The Act contains provisions relating to registered users and empowers the Registrar to vary or cancel registration as registered user on the grounds stipulated therein.
- The primary function of a collective mark is to indicate a trade connection with the Association or Organisation. To be registerable, the collective mark must be capable of being represented graphically and meet other requirements as are applicable to registration of trade marks in general.
- The function of a certification trade mark is to indicate that the goods or services comply with certain

objective standards in respect of origin, material, mode of manufacture of goods or performance of services as certified by a competent person.

- The proprietor of a registered trade mark has to take some safeguards to protect his rights. He should use and renew the trade mark regularly and in time. If the trade mark is misused by others he should file a suit for infringement and passing off and also take criminal action.
- The system of international registration of marks is governed by two treaties: the Madrid Agreement, and the Protocol relating to that Agreement. An application for international registration (international application) may be filed only by a natural person or legal entity having a connection, through establishment, domicile or nationality, with a Contracting Party to the Agreement or the Protocol.
- In 1999, WIPO published its Report on the first WIPO Internet Domain Name Process, focusing on issues raised inter alia by the intersection of trademarks and domain names.

### SELF TEST QUESTIONS

*These are meant for re-capitulation only. Answers to these questions are not to be submitted for evaluation.*

1. Enumerate the salient features of the Trade Marks Act, 1999.
2. Distinguish between the following:-
  - (a) Trade mark and property mark
  - (b) Trade mark and certification mark
  - (c) Assignment and transmission
3. Explain the following terms under the Trade Marks Act, 1999:-
  - (a) Well-known trademark
  - (b) Certification trademark
  - (c) Collective mark
  - (d) Permitted use
4. Who may apply for a trade mark? Briefly explain the provisions relating to registration process of a trademark.
5. The registration of a trade mark confers on the registered proprietor of the trade mark the exclusive right to use the trade mark in relation to the goods or services in respect of which the trade mark is registered. Discuss.
6. What are the grounds for refusal of registration of a trademark?
7. What is infringement? What actions under the Trade Marks Act, 1999 constitute infringement of a trademark?
8. What remedies are available to the owner of the mark in the case of infringement of his trademark?
9. What is the position of an unregistered trade mark under the Trade Marks Act, 1999?



# Lesson 12

## Copyrights

### LESSON OUTLINE

- Introduction
- Meaning of Copyright
- International Protection of Copyright and Related Rights
- Indian Copyright Law
- Works in which Copyright Subsists
- Author & Ownership of Copyright
- Term of Copyright
- Copyright Societies & Copyright Board
- Assignment and Licensing of Copyright
- Registration of Copyright
- Infringement of Copyright
- Remedies against Infringement of Copyright
- Appeals
- International Conventions
- Lesson Round Up
- Self Test Questions

### LEARNING OBJECTIVES

Copyright is a right given by the law to creators of literary, dramatic, musical and artistic works and producers of cinematograph films and sound recordings. Unlike the case with patents, copyright protects the expressions and not the ideas. There is no copyright in an idea.

Just as you would want to protect anything that you own, creators want to protect their works. Copyright ensures certain minimum safeguards of the rights of authors over their creations, thereby protecting and rewarding creativity.

Creativity being the keystone of progress, no civilized society can afford to ignore the basic requirement of encouraging the same. Economic and social development of a society is dependent on creativity. The protection provided by copyright to the efforts of writers, artists, designers, dramatists, musicians, architects and producers of sound recordings, cinematograph films and computer software, creates an atmosphere conducive to creativity, which induces them to create more and motivates others to create.

Often students are taught the value of original thinking and the importance of not plagiarizing the works of others. The objective of the study lesson is to make them realize the ethical/moral aspects involved in using materials protected by copyright, besides increase their knowledge and understanding of the copyright law as such, why copyright law exists and where it all started and the key changes that have occurred in the domain of copyright.

## INTRODUCTION

The idea of Copyright protection only began to emerge with the invention of printing, which made it for literary works to be duplicated by mechanical processes instead of being copied by hand. This led to the grant of privileges, by authorities and kings, entitling beneficiaries exclusive rights of reproduction and distribution, for limited period, with remedies in the form of fines, seizure, confiscation of infringing copies and possibly damages.

However, the criticism of the system of privileges led to the adoption of the Statute of Anne in 1709, the first copyright Statute. In the 18th century there was dispute over the relationship between copyright subsisting in common law and copyright under the Statute of Anne. This was finally settled by House of Lords in 1774 which ruled that at common law the author had the sole right of printing and publishing his book, but that once a book was published the rights in it were exclusively regulated by the Statute. This common law right in unpublished works lasted until the Copyright Act, 1911, which abolished the Statute of Anne.

Copyright is a well recognized form of property right which had its roots in the common law system and subsequently came to be governed by the national laws in each country. Copyright as the name suggests arose as an exclusive right of the author to copy the literature produced by him and stop others from doing so. There are well-known instances of legal intervention to punish a person for copying literary or aesthetic out put of another even before the concept of copyright took shape. The concept of idea was originally concerned with the field of literature and arts. In view of technological advancements in recent times, copyright protection has been expanded considerably. Today, copyright law has extended protection not only to literary, dramatic, musical and artistic works but also sound recordings, films, broadcasts, cable programmes and typographical arrangements of publications. Computer programs have also been brought within the purview of copyright law.

Copyright ensures certain minimum safeguards of the rights of authors over their creations, thereby protecting and rewarding creativity. Creativity being the keystone of progress, no civilized society can afford to ignore the basic requirement of encouraging the same. Economic and social development of a society is dependent on creativity. The protection provided by copyright to the efforts of writers, artists, designers, dramatists, musicians, architects and producers of sound recordings, cinematograph films and computer software, creates an atmosphere conducive to creativity, which induces them to create more and motivates others to create.

In India, the law relating to copyright is governed by the Copyright Act, 1957 which has been amended in 1983, 1984, 1985, 1991, 1992, 1994, 1999 and 2012 to meet with the national and international requirements. The amendment introduced in 1984 included computer program within the definition of literary work and a new definition of computer program was inserted by the 1994 amendment. The philosophical justification for including computer programs under literary work has been that computer programs are also products of intellectual skill like any other literary work.

In 1999, the Copyright Act, 1957 was further amended to give effect to the provisions of the TRIPs agreement providing for term of protection to performers rights at least until the end of a period of fifty years computed from the end of the calendar year in which the performance took place. The Amendment Act also inserted new Section 40A empowering the Central Government to extend the provisions of the Copyright Act to broadcasts and performances made in other countries subject to the condition however that such countries extend similar protection to broadcasts and performances made in India. Another new Section 42A empowers the Central Government to restrict rights of foreign broadcasting organisations and performers.

The Act is now amended in 2012 with the object of making certain changes for clarity, to remove operational difficulties and also to address certain newer issues that have emerged in the context of digital technologies and the Internet. Moreover, the main object to amendments the Act is that in the knowledge society in which we

live today, it is imperative to encourage creativity for promotion of culture of enterprise and innovation so that creative people realise their potential and it is necessary to keep pace with the challenges for a fast growing knowledge and modern society.

The 2012 amendments make Indian Copyright Law compliant with the Internet Treaties – the WIPO Copyright Treaty (WCT) and WIPO Performances and Phonograms Treaty (WPPT).

Also, while introducing technological protection measures, the amended law ensures that fair use survives in the digital era by providing special fair use provisions. The amendments have made many author-friendly amendments, special provisions for disabled, amendments facilitating access to works and other amendments to streamline copyright administration.

The amendments introduced through Copyright (Amendment) Act 2012 can be categorized into:

1. Amendments to rights in artistic works, cinematograph films and sound recordings.
2. WCT and WPPT related amendment to rights
3. Author-friendly amendments on mode of Assignment and Licenses
4. Amendments facilitating Access to Works
5. Strengthening enforcement and protecting against Internet piracy
6. Reform of Copyright Board and other minor amendments

## INTERNATIONAL PROTECTION OF COPYRIGHT AND RELATED RIGHTS

In any case we have Bundle of national laws for protecting the universal copyright, yet the Harmonization of national laws through international treaties is must significant in providing a strengthening ground of universal protection to copyright.

International instruments do not usually constitute a directly applicable source of rights to private parties. An international treaty rather imposes obligations on the states, parties to the convention, to adapt their domestic legislation according to its provisions. In the field of copyright and related rights, the relevant conventions establish a certain level of protection in the contracting states through the principle of national treatment and the guaranteeing of a number of minimum standards.

According to the national treatment principle, works originating in a contracting state are protected in every other contracting state in the same manner as these states protect works originating in their own territory. For example, a textbook first published in contracting State A will be protected in contracting State B in the same manner as State B protects a school text originating in its own territory. The guaranteed minimum standards ensure that the protection provided by national laws of states parties and notably scope of rights, possible exceptions and limitations, as well as terms of protection and does not fall below the level agreed in the respective international instrument.

Often there are several possible ways for national legislations to comply with international prescriptions. In order to find out how copyright and related rights are protected abroad, one has therefore always to consult the laws of the respective country in which protection is sought.

The first international copyright treaties were bilateral: that is, only two countries were involved. These agreements however failed to provide a reliable legal basis for the cross-border trade with protected works as they were limited in scope and varied widely. Therefore, countries gradually turned to multilateral conventions committing all parties to a single set of obligations, which eventually became the principal means for the international



protection of copyright and related rights.

The origins of today's multilateral structure can be found in a universalist movement that evolved out of France about the middle of the 19th century, even before any bilateral copyright agreement was concluded. Authors and publishers called for a universal recognition of their copyright. A decisive step was the formation of the Association *Littéraire et Artistique Internationale* at the 1878 literary congress in Paris. Among its main protagonists were such prominent figures as the French poet Victor Hugo. In 1882, the ALAI held a congress in Rome to discuss copyright protection at the international level.

Following the proposal of the German Publishers' Association (*Boersenverein der deutschen Buch Indler*), between 1883 and 1886 four meetings took place in Berne to elaborate a text of an international treaty. The Convention for the Protection of Literary and Artistic Works was adopted on September 9, 1886 and signed by ten countries including Belgium, France, Germany, Haiti, Italy, Liberia, Spain, Switzerland, Tunisia and the UK. Today, the Berne Convention remains still of great importance as many of the recent treaties refer directly or indirectly to its provisions.

### Significance of International Treaties on Copyright and Related Rights

- Obligations on contracting states to adapt domestic laws
- Principle of national treatment
- Guaranteeing of minimum standards

Today, system of widely accepted multilateral conventions and The Most Important International Conventions related to the protection of Copyright and Related Rights are

- The Berne Convention for the Protection of Literary and Artistic Works of 1886 (last revised in 1971)
- The Universal Copyright Convention of 1952 (last revised in 1971)
- The Rome Convention for the Protection of Performers, Producers of Phonograms, and broadcasting Organizations of 1961
- The TRIPs Agreement of 1994
- The WIPO Copyright Treaty of 1996
- The WIPO Performances and Phonograms Treaty of 1996

### MEANING OF COPYRIGHT AND THE RIGHTS CONFERRED

Copyright is a right given by the law to creators of literary, dramatic, musical and artistic works and producers of cinematograph films and sound recordings. In fact, it is a bundle of rights including, inter alia, rights of reproduction, communication to the public, adaptation and translation of the work. It means the sole right to produce or reproduce the work or any substantial part thereof in any material form whatsoever (*Kartar Singh Giani v. Ladha Singh & Others AIR 1934 Lah 777*).

Section 14 of the Act defines the term Copyright as to mean the exclusive right to do or authorise the doing of the following acts in respect of a work or any substantial part thereof, namely

In the case of literary, dramatic or musical work (except computer programme):

- (i) reproducing the work in any material form which includes storing of it in any medium by electronic means;

- (ii) issuing copies of the work to the public which are not already in circulation;
- (iii) performing the work in public or communicating it to the public;
- (iv) making any cinematograph film or sound recording in respect of the work; making any translation or adaptation of the work.

Further any of the above mentioned acts in relation to work can be done in the case of translation or adaptation of the work.

In the case of a computer programme:

- (i) to do any of the acts specified in respect of a literary, dramatic or musical work; and
- (ii) to sell or give on commercial rental or offer for sale or for commercial rental any copy of the computer programme. However, such commercial rental does not apply in respect of computer programmes where the programme itself is not the essential object of the rental.

In the case of an artistic work:

- (i) reproducing the work in any material form including depiction in three dimensions of a two dimensional work or in two dimensions of a three dimensional work;
- (ii) communicating the work to the public;
- (iii) issuing copies of work to the public which are not already in existence;
- (iv) including work in any cinematograph film;

making adaptation of the work, and to do any of the above acts in relation to an adaptation of the work. In the case of cinematograph film and sound recording:

- (i) making a copy of the film including a photograph of any image or making any other sound recording embodying it;
- (ii) selling or giving on hire or offer for sale or hire any copy of the film/sound recording even if such copy has been sold or given on hire on earlier occasions; and
- (iii) communicating the film/sound recording to the public. In the case of a sound recording:
  - To make any other sound recording embodying-it
  - To sell or give on hire, or offer for sale or hire, any copy of the sound recording
  - To communicate the sound recording to the public.

The main objective of the Act is to give protection to the owner of the copyright from the dishonest manufacturers, who try to confuse public and make them believe that the infringed products are the products of the owner. Further, it wants to discourage the dishonest manufacturers from enmeshing the goodwill of the owner of the copyright, who has established itself in the market with its own efforts [*Hawkins Cookers Ltd. v. Magicook Appliances Co.*, 00(2002) DLT698].

Unlike the case with patents, copyright protects the expressions and not the ideas. There is no copyright in an idea. In *M/s Mishra Bandhu Karyalaya & Others v. Shivaratanlal Koshal AIR 1970 MP 261*, it has been held that the laws of copyright do not protect ideas, but they deal with the particular expression of ideas. It is always possible to arrive at the same result from independent sources. The rule appears to be settled that the compiler of a work in which absolute originality is of necessary excluded is entitled, without exposing himself to a charge

of piracy, to make use of preceding works upon the subject, where he bestows such mental labour upon what he has taken, and subjects it to such revision and correction as to produce an original result.

Whether one book is a copy of the other or not, it was held in *S K Dutt. V. Law Book Co. & Others AIR 1954 All 57*, in deciding the question whether one book is a copy of the other or not the Court has, in one view, to keep in mind the two features of the two books, namely, the external and the internal features. By external features means the get-up and the 'overall' scope of the publication. By internal features means the general lay out of the subject-matter, the manner of the treatment of the subject matter and the amount of material contained in the book.

## NATURE OF COPYRIGHT PROTECTION

### Automatic

Copyright is an unregistered right which subsists automatically as soon as the work that is eligible for protection is created and recorded on some medium.

### Originality

The work protected need not be new. However, it must be original in the sense that it is not copied from some other source but is the result of an application of effort by the creator of the work.

### Exclusions

Copyright protects the expression of ideas but not the idea or concept underlying a piece of work. For that reason, procedures, methods of operation and mathematical concepts are excluded from copyright protection

## WORKS IN WHICH COPYRIGHT SUBSISTS

Section 13 of the Copyright Act provides that copyright shall subsist throughout India in certain classes of works which are enumerated in the section. Copyright subsists throughout India in the following classes of works:

- Original literary, dramatic, musical and artistic works;
- Cinematograph films; and
- Sound recordings.

In *Macmillan and Company Limited v. K. and J. Cooper*, AIR 1924 PC 75, it was held that the word 'original' does not mean that the work must be the expression of original or inventive thought. Copyright Acts are not concerned with the origin of ideas, but with the expression of thought; and in the case of 'literary work, with the expression of thought in print or writing. The originality which is required relates to the expression of the thought; but the Act does not require that the expression must be in an original or novel form, but that the work must not be copied from another work—that it should originate from the author. What is the precise amount of the knowledge, labour, judgement or literary skill or taste which the author of any book or other compilation must bestow upon its composition in order to acquire copyright in it within the meaning of the Copyright Act cannot be defined in precise terms. In every case it must depend largely on the special facts of that case, and must in each case be very much a question of degree.

In *Camlin Private Limited v. National Pencil Industries*, (2002) Del, Delhi High Court held that copyright subsists only in an original literary work. But it is not necessary that the work should be the expression of the original or inventive thought, for Copyright Act are not concerned with the originality of ideas, but with the expression of thought, and in the case of a literary work, with the expression of thought in print or writing. Originality for the

purpose of copyright law relates to the expression of thought, but such expression need not be original or novel. The essential requirement is that the work must not be copied from another work but must originate from the author.

An artistic work means-

- a painting, a sculpture, a drawing (including a diagram, map, chart or plan), an engraving or a photograph, whether or not any such work possesses artistic quality;
- a work of architecture; and
- any other work of artistic craftsmanship.

Word “artistic” is merely used as a generic term to include the different processes of creating works set out in the definition section and that provides that a work produced by one such processes, and that its creation involved some skill or labour on the part of the artist, it is protected [*Associated Publishers (Madras) Ltd. v. K. Bashyam alias ‘Arya’ & Another* AIR 1961 Mad. 114 (1962) 1 Mad LJ 258].

What is required for copyright protection in an artistic work is ‘originality’. It is not originality of idea or the theme behind the work but the expression of the work which requires to be original. The originality required as per the Act is a minimum amount of originality. What is prevented under the Copyright Act is making of copies without permission of the author. A copy is one which is either a reproduction of the original or a work which closely resembles the original [*Challenger Knitting Mills v. Kothari Hosery Factory* 2002 PTC (24) 756 Del.(Reg.)].

“Musical work” means a work consisting of music and includes any graphical notation of such work but does not include any words or any action intended to be sung, spoken or performed with the music. A musical work need not be written down to enjoy copyright protection.

“Sound recording” means a recording of sounds from which sounds may be produced regardless of the medium on which such recording is made or the method by which the sounds are produced. A phonogram and a CD-ROM are sound recordings.

“Cinematograph film” means any work of visual recording on any medium produced through a process from which a moving image may be produced by any means and includes a sound recording accompanying such visual recording and “cinematograph” shall be construed as including any work produced by any process analogous to cinematography including video films.

The expression “cinematograph film” in Section 2(f) of the Copyright Act, 1957 includes video film also which has been recorded in VCR. *Entertaining Enterprises & Others v. State of Tamil Nadu & Another* AIR 1984 Mad. 278.

The Bombay High Court in *Fortune Films International v. Dev Anand & Another* AIR 1979 Bom.17, has held that in view of the definitions of “artistic work”, “dramatic work” and cinematograph film”, it would appear that the Copyright Act, 1957 does not recognize the performance of an actor as ‘work’ which is protected by the Copyright Act.

## COPYRIGHT PERTAINING TO SOFTWARE

The definition of “Literary work” under section 2(o) of the Copyright Act, 1957 includes computer programmes, tables and compilations including computer “literary data bases. Computer programme as stated above was included within the definition of “literary work” in 1984 and the new definition of “computer programme” under Section 2 (ff) introduced in 1994 means a set of instructions expressed in words, codes or in any other form, including a machine-readable medium, capable of causing a computer to perform a particular task or achieve

a particular result.

Computer programmes (also known as “software”) originated with the invention of the computer itself. However, it was only with the advent of Personal Computers (PCs) in the 1980s that software became widely available and the need for protecting software under Copyright law became an issue. In the initial stages, computer programmes were developed by the manufacturers of computers themselves. With the emergence of wide use of PCs, production of software became delinked from manufacturers of computers. Development and manufacturing of software has now become an independent activity and the number of companies engaged in this activity has also increased. It is however the output and variety which has grown manifold which has given rise to problems of enforcement of Copyright in them. While vigorous competition among producers of software has, on the one hand brought about improvement in the quality of computer programmes and brought down the prices, the increased opportunities have also given rise to what is commonly known as “software piracy” - the activity of duplicating and distributing software without authority from the holder of the copyright.

The philosophical justification for including computer programmes within the definition of ‘literary work’ has been that computer programmes are also products of intellectual skill like any other literary work. Developing a computer programme is an activity which is comparable to the writing of a novel or other literary work excepting that the “language” used as well as its uses are of a very different kind. Though a software can be written by individual programmer, most of the major software’s are the outcome of group efforts, where medium to large sized teams spend months or even years to write a programme.

Like the unauthorised copying of literary works, unauthorised copying of computer programmes also attracts the same legal consequences under the Copyright law. However, since the facility of copying a computer software and its duplication is within the easy reach of a potential pirate and since copies of software are indistinguishable from the original, publishers/owners of software are also confronted with daunting problems for safeguarding their interests under the Copyright law when large scale software piracy takes place. Software piracy has assumed enormous proportions in certain countries and has become a friction point in international trade negotiations. Within domestic jurisdictions also software piracy has thrown up serious challenges to enforcement authorities. The Copyright (Amendment) Act, 1994 has tried to address these questions and has incorporated internationally recognized standards and procedures for enforcement of copyright in the field of computer programmes. The relevant provisions have been discussed under remedies against infringement of copyright

## **AUTHORSHIP AND OWNERSHIP**

Copyright protects the rights of authors, i.e., creators of intellectual property in the form of literary, musical, dramatic and artistic works and cinematograph films and sound recordings. Generally the author is the first owner of copyright in a work.

“Author” as per Section 2(d) of the Act means

- In the case of a literary or dramatic work the author, i.e., the person who creates the work.
- In the case of a musical work, the composer.
- In the case of a cinematograph film, the producer.
- In the case of a sound recording, the producer.
- In the case of a photograph, the photographer.
- In the case of any literary, dramatic, musical or artistic work which is computer-generated, the person

who causes the work to be created.

In a musical sound recording there are many right holders. For example, the lyricist who wrote the lyrics, the composer who set the music, the singer who sang the song, the musician (s) who performed the background music, and the person or company who produced the sound recording.

A sound recording generally comprises various rights. It is necessary to obtain the licences from each and every right owner in the sound recording. This would, inter alia, include the producer of the sound recording, the lyricist who wrote the lyrics, and the musician who composed the music.

In the case of a government work, government shall, in the absence of any agreement to the contrary, be the first owner of the copyright therein.

In the case of a work made or first published by or under the direction or control of any public undertaking, such public undertaking shall, in the absence of any agreement to the contrary, be the first owner of the copyright therein.

In the case of a literary, dramatic or artistic work made by the author in the course of his employment by the proprietor of a newspaper, magazine or similar periodical under a contract of service or apprenticeship, for the purpose of publication in a newspaper, magazine or similar periodical, the said proprietor shall, in the absence of any agreement to the contrary, be the first owner of the copyright in the work in so far as the copyright relates to the publication of the work in any newspaper, magazine or similar periodical, or to the reproduction of the work for the purpose of its being so published, but in all other respects the author shall be the first owner of the copyright in the work.

In the case of a work made in the course of the author's employment under a contract of service or apprenticeship, the employer shall, in the absence of any agreement to the contrary, be the first owner of the copyright therein.

In the case of a photograph taken, or a painting or portrait drawn, or an engraving or a cinematograph film made, for valuable consideration at the instance of any person, such person shall, in the absence of any agreement to the contrary, be the first owner of the copyright therein.

### Term of Copyright

Sections 22 to 29 deal with term of copyright in respect of published literary, dramatic, musical and artistic works; anonymous and pseudonymous; posthumous, photographs, cinematograph films, sound recording, Government works, works of PSUs and works of international organizations.

Literary, dramatic, musical or artistic works enjoy copyright protection for the life time of the author plus 60 years beyond i.e. 60 years after his death. In the case of joint authorship which implies collaboration of two or more authors in the production of the work, the term of copyright is to be construed as a reference to the author who dies last.

In the case of copyright in posthumous, anonymous and pseudonymous works, photographs, cinematograph films, sound recordings, works of Government, public undertaking and international organizations, the term of protection is 60 years from the beginning of the calendar year next following the year in which the work has been first published.

The Copyright (Amendment) Act, 1994 has given special right to every broadcasting organisation known as broadcast reproduction right in respect of its broadcasts. This right is to be enjoyed by every broadcasting organisation for a period of twenty-five years from the beginning of the calendar year next following the year in which the broadcast is made. In terms of Copyright (Amendment) Act, 1999 if any performer appears or



engages in any performance, he has a special right in relation to such performance called performers right to be enjoyed for a period of fifty years.

## COPYRIGHT OFFICE

Section 9 of the Copyright Act requires for establishment of an office to be called the Copyright Office for the purpose of the Act. The Copyright Office is to be under the immediate control of a Registrar of Copyrights to be appointed by the Central Government, who would act under the superintendence and directions of the Central Government.

### Copyright Office: Recent Shifting from Ministry of HRD to Ministry of Commerce and Industry

With the entire bogey relating to copyright having shifted to it, the budget for intellectual property in the allocation for the Department of Industrial Policy and Planning has jumped up to Rs 1,700 million from Rs 1,112 million in 2016-17.<sup>1</sup>

After the announcement made in early April last year that copyright issues would be dealt with by DIPP, revised estimates for 2016-17 had shown a jump to 1550 million, necessitating a higher budget for this sector.

Consequently, the allocation for Human Resource Development which had until now been primarily responsible for this sector shows a blank and the budgetary document says this is because the sector has moved to DIPP.

Copyright had until March 2016 been the preserve of the Human Resource Development Ministry.

Those involved in the music, film, and television industries have always grudged this as they feel copyright for their sectors should be with the Information and Broadcasting Ministry since the regulatory body for them is the I and B Ministry.

Out of the total allocation, the highest share has been allocated for modernization and strengthening of Intellectual Property office - ₹757.8 million, followed by ₹520.1 million for the Controller General of Patent Designs and Trademarks.

Several offices have been allocated budgets for the first time: Semi-conductor Integrated Circuit Layout Design Registry (₹10 million), Semi-Conductor Integrated Circuit Layout Design Board (₹One million), Cell for Promotion of Intellectual Property and Management (CIPAM) with ₹109.9 million, Copyright Office (₹36.5 million), Copyright Board (₹33.5 million, and Promotion of copyrights and IPR (₹60 million).

Of these, the last three had been given some allocation in the revised budget. Interestingly, there is no explanatory for these six departments in the budget document.

In addition to the IP budget, there is an allocation of ₹6.5 million for the World Intellectual Property Organization (WIPO) as part of support to autonomous organizations.

It had been announced early in the financial year 2016-17 that issues of copyright had been shifted to the DIPP of the Commerce and Industry Ministry, which became the nodal department to deal with all issues related to copyright in the country.

Now with the copyright department been shifted from Ministry of HRD to Ministry of Commerce and Industry under DIPP, the new address of the Copyright Office, Government of India is as below:

Registrar of Copyrights

Copyright Office

Department for Promotion of Industry and Internal Trade

1. Nagpal BB, DIPP allocation for IPR increased after copyright shift from HRD, RM Biz.



Ministry of Commerce and Industry  
 Boudhik Sampada Bhawan,  
 Plot No. 32, Sector 14,  
 Dwarka, New Delhi-110078

## COPYRIGHT BOARD

Section 11 of the Act provides for the establishment of the Copyright Board and empowers the Central Government to constitute the same consisting of a Chairman and not less than two, but not more than fourteen members. Chairman of the Board should be a sitting or retired judge of the High Court or a person qualified to be appointed as judge of the High Court. The Registrar of Copyright to act as Secretary of the Copyright Board.

## FUNCTIONS OF THE COPYRIGHT BOARD

The main functions of the Copyright Board are as under:

1. Settlement of disputes as to whether copies of any literary, dramatic or artistic work or records are issued to the public in sufficient numbers.
2. Settlement of disputes as to whether the term of copyright for any work is shorter in any other country than that provided for that work under the Act.
3. Settlement of disputes with respect to assignment of copyright as dealt with in Section 19A.
4. Granting of compulsory licences in respect of Indian works withheld from public.
5. Granting of compulsory licence to publish unpublished Indian works.
6. Granting of compulsory licence to produce and publish translation of literary and dramatic works.
7. Granting of compulsory licence to reproduce and publish literary, scientific or artistic works for certain purposes.
8. Determination of royalties payable to the owner of copyright.
9. Determination of objection lodged by any person as to the fees charged by Performing Rights Societies.
10. Rectification of Register on the application of the Registrar of Copyright or of any person aggrieved.

The Copyright Board has no powers to limit the user of copyright to any particular territorial area. The appeal against orders passed by the Copyright Board except under Section 6 lies to the High Court within whose jurisdiction the appellant resides or carries on business.

The scope of the powers of the Copyright Board has been explained in the case of *Shri Urmila Charan Gupta v. Shri Charushila Sharan Gupta and Sumitra Nandand Gupta* 1983 PTC 84. In this case it has been held that if the Board, in its powers, thinks fit or agrees to dispose of the matter of all the 38 books on a single application, no one else is given the right to question its propriety.

## ASSIGNMENT OF COPYRIGHT

The owner of the copyright in an existing work or the prospective owner of the copyright in a future work may assign to any person the copyright. Section 18 of the Copyright Act provides for the assignment of copyright in an existing work as well as future work. In both the cases an assignment may be made of the copyright either wholly or partially and generally or subject to limitations and that too for the whole period of copyright or part thereof. However, in case of assignment of copyright in any future work, the assignment has the real effect only

when the work comes into existence. Section 18(3) explains that a assignee in respect of assignment of the copyright in future work include the legal representative of the assignee, if the assignee dies before the work comes into existence.

Sections 17 and 18 of the Copyright Act, 1957 show where the copyright vests. If a work is done by an author for a consideration for a publisher, the copyright in it would normally vest in the publisher subject to any contract to the contrary, as is provided by Section 17 of the said Act. It can be legitimately said that this Section has been inserted in the Act of 1957, but the rule of law has been same even prior to this statutory provision. Secondly as provided by Section 18, the copyright could be assigned, and if it is so done it would be vested in the purchaser. (*Khemraj Shrikrishnadass v. M/s Garg & Co. and Another* AIR 1975 Del130.)

### Mode of Assignment

Section 19 of the Act provides that an assignment of copyright should be in writing signed by the owner of the copyright. Mere acceptance of remuneration or delivery of manuscript does not constitute an assignment of copyright. Oral assignment is invalid and it is impermissible in law. *Setty v. Dr. Suryakantha U. Kamath K.A. Venugopala Setty v. Dr. Suryakantha U. Kamath* AIR 1992 Kar 1.

Section 19 requires that the assignment should be in writing signed by the assignor or by his duly authorized agent—if the assignment appears from any document and it is signed by the assignor or by his authorized agent the statutory requirement is fulfilled. *Srimagal and Co. v. Books (India) Pvt. Ltd. & Others* AIR 1973 Mad 49: (1972) 2 Mad LJ 610.

Copyright is different from the material object which is the subject of the copyright. So it should be clear that the transfer of the material object does not necessarily involve a transfer of the copyright. The assignment of copyright should specify the assigned work, rights including duration, territorial extent of assignment and the amount of royalty. However, in the absence of duration and territorial extent, the assignment remains valid for a period of five years and within the territory of India.

In case assignee does not exercise his rights within a period of one year from the date of assignment, the assignment in respect of such rights shall be deemed to have lapsed after the expiry of said period, unless otherwise specified in the assignment.

The assignment of copyright in any work contrary to the terms and conditions of the rights already assigned to a copyright society in which the author of the work is a member is void.

The Assignment of copyright in any work to make a cinematograph film does not affect the right of the author of the work to claim an equal share of royalties and consideration payable in case of utilization of the work in any form other than for the communication to the public of the work, along with the cinematograph film in a cinema hall.

The assignment of the copyright in any work to make a sound recording which does not form part of any cinematograph film does not affect the right of the author of the work to claim an equal share of royalties and consideration payable for any utilization of such work in any form.

### Licences

Chapter VI containing Sections 30-32B deal with licences. Section 30 deals with licences by owners of copyright; Section 30A contains provisions regarding application of Sections 19 and 19A; Section 31 provides for compulsory licence in works withheld from public; Section 31A deals with compulsory licences in unpublished Indian works; Section 31B deals with Compulsory Licence for the benefit of disabled; Section 31C deals with

statutory licence for cover versions; Section 31D deals with statutory licence for broadcasting of literary and musical works and sound recording; Section 32 deals with licences to produce and publish translations; Section 32A provides for licence to reproduce and publish works for certain purposes; and Section 32B deals with termination of licences.

### **Licences by Owners of Copyright**

Section 30 of the Act empowers the owner of the copyright in any existing work or the prospective owner of the copyright in any future work to grant any interest in the right by licence in writing by him or by his duly authorised agent. However, in the case of a licence relating to copyright in any future work, the licence shall take effect only when the work comes into existence. Explanation to this section clarifies that where a person to whom a licence relating to copyright in any future work is granted, dies before the work comes into existence, his legal representatives shall, in the absence of any provision to the contrary in the licence, be entitled to the benefit of the licence.

### **Compulsory Licence in Works Withheld from Public**

Section 31 provides that if at any time during the term of copyright in any Indian work which has been published or performed in public, a complaint is made to the Copyright Board that the owner of copyright in the work has refused to re-publish or allow the re-publication of the work or has refused to allow the performance in public of the work, and by reason of such refusal the work is withheld from the public or has refused to allow communication to the public by broadcast of such work or in the case of a sound recording; the work recorded in such sound recording, on terms which the complainant considers reasonable, the Copyright Board, after giving to the owner of the copyright in the work a reasonable opportunity of being heard and after holding such inquiry as it may deem necessary, may, if it is satisfied that the grounds for such refusal are not reasonable, direct the Registrar of Copyrights to grant to the complainant a licence to republish the work, perform the work in public or communicate the work to the public by broadcast, subject to payment to the owner of the copyright of such compensation and subject to such other terms and conditions as the Copyright Board may determine.

### **Compulsory Licence in Unpublished or Published Works**

Section 31A of the Act provides that in the case of any unpublished work or any work published or communicated to the public and the work is withheld from the public in India, the author is dead or unknown or cannot be traced, or the owner of the copyright in such work cannot be found, any person may apply to the Copyright Board for a licence to publish or communicate to the public such work or a translation thereof in any language.

Before making an application to the Copyright Board, the applicant required to publish his proposal in one issue of a daily newspaper in the English language having circulation in the major part of the country and where the application is for the publication of a translation in any language, also in one issue of any daily newspaper in that language.

The Copyright Board after holding such inquiry as may be prescribed, direct the Registrar of Copyrights to grant to the applicant a licence to publish the work or a translation thereof in the language mentioned in the application subject to the payment of such royalty and subject to such other terms and conditions as the Copyright Board may determine, and thereupon the Registrar of Copyrights shall grant the licence to the applicant in accordance with the direction of the Copyright Board.

### **Compulsory Licence for Benefit of Disabled**

Section 31B (1) provides that any person working for the benefit of persons with disability on a profit basis or

for business may apply to the Copyright Board in prescribed manner for a compulsory licence to publish any work in which copyright subsists for the benefit of such persons, in a case to which clause (zb) of sub-section (1) of Section 52 does not apply and the Copyright Board shall dispose of such application as expeditiously as possible and endeavour shall be made to dispose of such application within a period of two months from the date of receipt of the application.

The Copyright Board may on receipt of an application inquire, or direct such inquiry as it considers necessary to establish the credentials of the applicant and satisfy itself that the application has been made in good faith and a compulsory licence needs to be issued to make the work available to the disabled, it may direct the Registrar of Copyrights to grant to the applicant such a licence to publish the work.

It may be noted that clause (zb) of sub-section (1) of Section 52 provides that the adaptation, reproduction, issue of copies or communication to the public of any work in any accessible format, by –

- (i) any person to facilitate persons with disability to access to works including sharing with any person with disability of such accessible format for private or personal use, educational purpose or research; or
- (ii) any organisation working for the benefit of the persons with disabilities in case the normal format prevents the enjoyment of such works by such persons.

However, the copies of the works in such accessible format are made available to the persons with disabilities on a non-profit basis but to recover only the cost of production and the organization ensure that the copies of works in such accessible format are used only by persons with disabilities and takes reasonable steps to prevent its entry into ordinary channels of business.

It may be noted that “any organization” includes and organization registered under Section 12A of the Income-tax Act, 1961 and working for the benefit of persons with disability or recognized under Chapter X of the Persons with Disabilities (Equal Opportunities, Protection or Rights and full Participation) Act, 1995 or receiving grants from the government for facilitating access to persons with disabilities or an educational institution or library or archives recognized by the Government.”

### **Statutory Licence for Cover Versions**

Section 31C (1) provides that any person desirous of making a cover version, being a sound recording in respect of any literary, dramatic or musical work, where sound recordings of that work have been made by or with the licence or consent of the owner of the right in the work, may do so subject to the provisions of this section. However, such sound recordings shall be in the same medium as the last recording, unless the medium of the last recording is no longer in current commercial use.

The person making the sound recordings required to give prior notice of his intention to make the sound recordings in the manner as may be prescribed, and provide in advance copies of all covers or labels with which the sound recordings are to be sold, and pay in advance, to the owner of rights in each work royalties in respect of all copies to be made by him, at the rate fixed by the Copyright Board.

It may be noted that such sound recordings shall not be sold or issued in any form of packaging or with any cover or label which is likely to mislead or confuse the public as to their identity, and in particular shall not contain the name or depict in any way any performer of an earlier sound recording of the same work or any cinematograph film in which such sound recording was incorporated and, further, shall state on the cover that it is a cover version made under this section.

The person making such sound recordings shall not make any alteration in the literary or musical work which has not been made previously by or with the consent of the owner of rights, or which is not technically necessary

for the purpose of making the sound recordings. However, such sound recordings shall not be made until the expiration of five calendar years after the end of the year in which the first sound recordings of the work was made.

It may be noted that cover version means a sound recording made in accordance with this Section 31C of the Act.

### **Statutory Licence for Broadcasting of Literary and Musical Works and Sound Recording**

Section 31D provides that any broadcasting organisation desirous of communicating to the public by way of a broadcast or by way of performance of a literary or musical work and sound recording which has already been published may do so subject to the fulfillment of prescribed conditions.

The broadcasting organisation required to give prior notice in prescribed manner of its intention to broadcast the work stating the duration and territorial coverage of the broadcast, and pay to the owner of rights in each work royalties in the manner and at the rate fixed by the Copyright Board.

The rates of royalty for radio broadcasting shall be different from television broadcasting and the copyright Board shall fix separate rates for radio broadcasting and television broadcasting and the broadcasting organisation to pay an advance to the owners of rights.

The broadcasting organisation required to maintain such records and books of account, and render to the owners of rights such reports and accounts; and allow the owner of rights or his duly authorized agent or representative to inspect all records and books of account relating to such broadcast in prescribed manner.

### **Licence to Produce and Publish Translations**

Section 32 entitles any person to apply to the Copyright Board for a licence to produce and publish a translation of a literary or dramatic work in any language after a period of seven years from the first publication of the work. However, in respect of teaching, scholarship or research Section 32(1A) allows any person to apply to the Copyright Board for a licence to produce and publish a translation, in printed or analogous forms of reproduction, of a literary or dramatic work, other than an Indian work, in any language in general use in India after a period of three years from the first publication of such work. Further, where such translation is in a language not in general use in any developed country, such application may be made after a period of one year from such publication.

### **Termination of Licence**

Section 32B of the Act deals with termination of licences and provides that if at any time after the granting of a licence, the owner of the copyright in the work or any person authorised by him publishes a translation of such work in the same language and which is substantially the same in content at a price reasonably related to the price normally charged in India for the translation of works of the same standard on the same or similar subject, the licence so granted shall be terminated. However, such termination shall take effect only after the expiry of a period of three months from the date of service of a notice in the prescribed manner on the person holding such licence by the owner of the right of translation intimating the publication of the translation.

### **Copyright Societies**

The Copyright (Amendment) Act, 1994 added a new Chapter VII on Copyright Societies. Section 33(1) prohibits any person or association of persons to commence or carry on the business of issuing or granting licences in respect of any work in which copyright subsists or any other rights conferred by the Act. The aforesaid restriction

is not applicable to Copyright Societies registered under Section 33(3) of the Copyright Act.

A copyright society is a registered collective administration society under Section 33 of the Copyright Act, 1957. Such a society is formed by authors and other owners. The minimum membership required for registration of a society is seven. Ordinarily, only one society is registered to do business in respect of the same class of work. A copyright society can issue or grant licences in respect of any work in which copyright subsists or in respect of any other right given by the Copyright Act.

Under clause (3) of Section 33 Central Government has been authorized to register association of persons as copyright society after taking into account the following factors:

- (i) the interests of the authors and other owners of rights under the Copyright Act;
- (ii) the interest and convenience of the public and in particular of the groups of persons who are most likely to seek licences in respect of the relevant rights; and
- (iii) the ability and professional competence of the applicants.

However, an owner of copyright in his individual capacity continues to have the right to grant licences in respect of his own works consistent with his obligations as a member of the registered Copyright society. The Central Government cannot register more than one copyright society to do business in respect of the same class of works.

The business of issuing or granting license in respect of literary, dramatic, musical and artistic works incorporated in a cinematograph films or sound recordings shall be carried out only through a copyright society duly registered under this Act. This is a kind of compulsory collective licensing for managing of performing rights. The registration granted to a copyright society shall be for a period of five years and may be renewed from time to time before the end of every five years on a request in the prescribed form and the Central Government may renew the registration after considering the report of Registrar of Copyrights on the working of the copyright society under section 36.

The renewal of the registration of a copyright society shall be subject to the continued collective control of the copyright society being shared with the authors of works in their capacity as owners of copyright or of the right to receive royalty. Every copyright society already registered before the Copyright (Amendment) Act, 2012 came into existence shall get itself registered under this Chapter within a period of one year from the date of commencement of the Copyright (Amendment) Act, 2012.

The Central Government has been empowered to cancel the registration of a Copyright Society if its management is detrimental to the interests of the owners of rights concerned. The registration can also be suspended by the Government for a period of one year if it is necessary in the interest of the owners of the rights concerned and the government has to appoint an administrator to discharge the functions of the Copyright Society.

### **Registered Copyright Societies in India**

The following are the registered copyright societies in India:

- (i) For Literary works associated with Musical Works: The Indian Performing Right Society Limited (IPRS), 208, Golden Chambers, 2nd Floor, New Andheri Link Road, Andheri (W), Mumbai-400 058 ( Website: <http://www.iprs.org/> );
- (ii) For Reprographic (photo copying) works: Indian Reprographic Rights Organization (IRRO), 18/1-C, Institutional Area, Near JNU Campus, New Delhi – 110067, (Website: <http://www.irro.in/>)
- (iii) For Performers (Singers) Rights: Indian Singers Rights Association (ISRA) – Registered on 14th June,



2013 – Registered Office–2208, Lantana, Nahar Amrit Shakti.

### **Administration of Rights of Owner by Copyright Society**

Section 34 of the Act empowers a Copyright Society to accept exclusive authorisation from an owner of Copyright to administer any right in any work by issuing licences or collection of licence fee or both. Such authorisation can however be withdrawn by an owner without prejudice to the rights of the Copyright Society.

A Copyright Society is competent to enter into agreement with any foreign society or organisation, administering rights corresponding to rights under the Indian Copyright Act, to entrust such foreign society or organisations the administration in any foreign country of rights administered by the said Copyright Society in India or for administering in India the rights administered in a foreign country by such foreign society or organisation.

Section 34(3) empowers the Copyright Society to:

- (i) issue licences under Section 30 in respect of any rights under the Act;
- (ii) collect fees in pursuance of such licences;
- (iii) distribute such fees among owners of rights after making deductions for its own expenses; and
- (iv) perform any other function consistent with the provisions of Section 35.

Section 35 deals with control over the society by the owner of rights and provides that every Copyright Society is subject to the collective control of the copyright owners whose rights it administers. It does not include owners of right administered by a foreign society or organisation.

### **Rights of Broadcasting Organisation and Performers**

Chapter VIII of the Act containing Section 37-39A deals with rights of broadcasting organisations and of performers.

#### **Broadcast Reproduction Right**

Section 37 entitles every broadcasting organisation to have a special right to be known as “broadcast reproduction right” in respect of its broadcasts for twenty-five years from the beginning of the calendar year next following the year in which the broadcast is made.

As per sub Section (3) of Section 37 during the continuance of a broadcast reproduction right in relation to any broadcast, any person who, without the licence of the owner of the right does any of the following acts of the broadcast or any substantial part thereof,-

- (a) re-broadcasts the broadcast; or
- (b) causes the broadcast to be heard or seen by the public on payment of any charges; or
- (c) makes any sound recording or visual recording of the broadcast; or
- (d) makes any reproduction of such sound recording or visual recording where such initial recording was done without licence or, where it was licensed, for any purpose not envisaged by such licence; or
- (e) sells or gives on commercial rental or offer for sale or for such rental, any such sound recording or visual recording referred to in clause (c) or clause (d) and subject to the provisions of Section 39 deemed to have infringed broadcast reproduction right.



### **Performer's Right**

Section 38 provides that where any performer appears or engages in any performance, he shall have a special right to be known as the "performer's right" in relation to such performance. The performer's right subsist until fifty years from the beginning of the calendar year next following the year in which the performance is made.

### **Exclusive Right of Performer**

As per Section 38A without prejudice to the rights conferred on authors, the performer's right which is an exclusive right subject to the provisions of the Act to do or authorize for doing any of the following acts in respect of the performance or any substantial part thereof, namely:—

- (a) to make a sound recording or a visual recording of the performance, including –
  - (i) reproduction of it in any material form including the storing of it in any medium by electronic or any other means;
  - (ii) issuance of copies of it to the public not being copies already in circulation;
  - (iii) communication of it to the public;
  - (iv) selling or giving it on commercial rental or offer for sale or for commercial rental any copy of the recording;
- (b) to broadcast or communicate the performance to the public except where the performance is already broadcast.

It may be noted that once a performer has, by written agreement, consented to the incorporation of his performance in a cinematograph film he shall not, in the absence of any contract to the contrary, object to the enjoyment by the producer of the film of the performer's right in the same film. However, the performer shall be entitled for royalties in case of making of the performances for commercial use.

### **Moral Right of Performer**

Section 38B of Act provides that the performer of a performance shall, independently of his right after assignment, either wholly or partially of his right, have the right to claim to be identified as the performer of his performance except where omission is dictated by the manner of the use of the performance; and to restrain or claim damages in respect of any distortion, mutilation or other modification of his performance that would be prejudicial to his reputation.

It may be noted that mere removal of any portion of a performance for the purpose of editing, or to fit the recording within a limited duration, or any other modification required for purely technical reasons shall not be deemed to be prejudicial to the performer's reputation.

### **Acts not Constituting Infringement of Broadcast Reproduction Right and Performers Right**

Section 39 stipulates situations in which no broadcast reproduction right or performer's right shall be deemed to be infringed. These include:

- (a) the making of any sound recording or visual recording for the private use of the person making such recording, or solely for purposes of bona fide teaching or research; or
- (b) the use, consistent with fair dealing of excerpts of a performance or of a broadcast in the reporting of current events or for bona fide review, teaching or research; or

- (c) such other acts, with any necessary adaptations and modifications, which do not constitute infringement of copyright under Section 52.

## INTERNATIONAL COPYRIGHT

### Copyright Protection to Foreign Works

The Copyright Act applies only to works first published in India, irrespective of the nationality of the author. However Section 40 of the Act empowers the Government of India to extend the benefits of all or any of the provisions of the Act to works first published in any foreign country. The benefits granted to foreign works will not extend beyond what is available to the works in the home country and that too on a reciprocal basis i.e. the foreign country must grant similar protection to works entitled to copyright under the Act. The term of Copyright in India to the foreign work, will not exceed that conferred by the foreign country.

Government of India has passed the International Copyright Order, 1958. According to this order any work first published in any country which is a member of the Berne Convention or the Universal Copyright Convention will be accorded the same treatment as if it was first published in India.

### Conditions of Copyright Protection

The following are the requisites for conferring copyright protection to works of international organisations:

- (a) The work must be made or first published by or under the direction or control of the International Organisation.
- (b) There should be no copyright in the work in India at the time of making or on the first publication of the work.
- (c) If the work is published in pursuance of an agreement with the author, such agreement should not reserve the author any copyright in the work or any copyright in the work should belong to the organisation.

### Power of Central Government to Apply Chapter VIII to Broadcasting Organisations and Performers in Certain Other Countries

Section 40A inserted by the Copyright (Amendment) Act, 1999 provides that subject to the satisfaction of Central Government that a foreign country (other than a country with which India has entered into a treaty or which is a party to a Convention relating to rights of broadcasting organisations and performers to which India is a party) has made or has undertaken to make such provisions, if any, as it appears to the Central Government expedient to require, for the protection in that foreign country, of the rights of broadcasting organizations and performers as is available under this Act, it may, by order, published in the Official Gazette, direct that the provisions of Chapter VIII shall apply:

- (a) to broadcasting organizations whose headquarters is situated in a country to which the order relates or, the broadcast was transmitted from a transmitter situated in a country to which the order relates as if the headquarters of such organisation were situated in India or such broadcast were made from India;
- (b) to performances that took place outside India to which the order relates in like manner as if they took place in India;
- (c) to performances that are incorporated in a sound recording published in a country to which the order relates as if it were published in India;
- (d) to performances not fixed on a sound recording broadcast by a broadcasting organisation the

headquarters of which is located in a country to which the order relates or where the broadcast is transmitted from a transmitter which is situated in a country to which the order relates as if the headquarters of such organisation were situated in India or such broadcast were made from India.

Section 40A (2) also provides that the order so made by the Central Government may provide that:

- (i) the provisions of Chapter VIII shall apply either generally or in relation to such class or classes of broadcasts or performance or such other class or classes of cases as may be specified in the order;
- (ii) the term of the rights of broadcasting organisations and performers in India shall not exceed such term as is conferred by the law of the country to which the order relates;
- (iii) the enjoyment of the rights conferred by Chapter VIII shall be subject to the accomplishment of such conditions and formalities, if any, as may be specified in that order;
- (iv) chapter VIII or any part thereof shall not apply to broadcast and performances made before the commencement of the order or that Chapter VIII or any part thereof shall not apply to broadcasts and performances broadcast or performed before the commencement of the order;
- (v) in case of ownership of rights of broadcasting organisations and performers, the provisions of Chapter VIII shall apply with such exceptions and modifications as the Central Government, may having regard to the law of the foreign country, consider necessary.

### **Power to Restrict Rights of Foreign Broadcasting Organisations and Performers**

Section 42A provides that if it appears to the Central Government that a foreign country does not give or has not undertaken to give adequate protection to rights of broadcasting organisations or performers, the Central Government may, by order, published in the Official Gazette, direct that such of the provisions of this Act as confer right to broadcasting organizations or performers, as the case may be, shall not apply to broadcasting organizations or performers whereof are based or incorporated in such foreign country or are subjects or citizens of such foreign country and are not incorporated or domiciled in India, and thereupon those provisions shall not apply to such Broadcasting organizations or performers.

### **Registration of Copyright**

Chapter X of the Act containing Sections 44 to 50A deal with various aspects of registration of copyright. The mechanism for registration of copyright has been contemplated under Section 44 of the Act. It is evident from the provisions of the aforesaid section that registration of the work under the Copyright Act is not compulsory and is not a condition precedent for maintaining a suit for damages, if somebody infringes the copyright. Registration is not a prerequisite for acquisition of a copyright (*Nav Sahitya Prakash & Others v. Anan Kumar & Others AIR 1981 All 200*).

Sections 44 and 45 of the Act is only an enabling provision and the provisions contained therein do not affect common law right to sue for infringement of the copyright, therefore, registration of the work under the Act is not compulsory and that registration is not a condition precedent for maintaining a suit for damages for infringement of copyright (*R. Madhavan v. S K Nayar AIR 1988 Ker 39*). The only effect of registration is what is stated in Section 48, to wit, that it shall be prima facie evidence of the particulars entered in the register. There is no indication in any of the provisions of the Act, read individually or a whole, to suggest that registration is condition precedent to subsistence of copyright or acquisition of ownership thereof.

There is no section in the Copyright Act, 1957, to the effect that the author can have no right or remedy unless the work is registered. *Satsang and Another v. Kiron Chandra Mukhopadhyay & Others AIR 1972 Cal 533*. In

*Jayanthilal M. Munoth and Ors. v. M. Durairajan*, [2006] 132 Com Cases 797(Mad) where a petition was filed for infringement of copyright and the same was challenged by the respondents on the ground that there was no registration of copyright. The Court held that registration of copyright was not a pre-condition for filing a suit or for launching prosecution for violation of copyright.

The Register of Copyrights is to be maintained by the Copyright Office to enter the names or titles of works and the names and addresses of authors, publishers and owners of copyright. The Register of Copyrights is to be kept in six parts, namely, Part I Literary works other than computer programmes, tables and compilations including computer data bases and dramatic works; Part II Musical works; Part III Artistic works; Part IV Cinematograph films; Part V Sound Recording; and Part VI Computer programmes, tables and compilations including computer data bases.

Chapter VI of the Copyright Rules, 1956, as amended, sets out the procedure for the registration of a work. Copies of the Act and Rules can be obtained from the Manager of Publications, Publication Branch, Civil Lines, Delhi or his authorised dealers on payment. The procedure for registration is as follows:

- Application for registration is to be made on Form IV ( Including Statement of Particulars and Statement of Further Particulars) as prescribed in the first schedule to the Rules;
- Separate applications should be made for registration of each work;
- Each application should be accompanied by the requisite fee prescribed in the second schedule to the Rules ;and
- The applications should be signed by the applicant or the advocate in whose favour a Vakalatnama or Power of Attorney has been executed. The Power of Attorney signed by the party and accepted by the advocate should also be closed.

Each and every column of the Statement of Particulars and Statement of Further Particulars should be replied specifically.

Both published and unpublished works can be registered. Copyright in works published before 21st January, 1958, i.e., before the Copyright Act, 1957 came in force, can also be registered, provided the works still enjoy copyright. Three copies of published work may be sent along with the application. If the work to be registered is unpublished, a copy of the manuscript has to be sent along with the application for affixing the stamp of the Copyright Office in proof of the work having been registered. In case two copies of the manuscript are sent, one copy of the same duly stamped will be returned, while the other will be retained, as far as possible, in the Copyright Office for record and will be kept confidential. It would also be open to the applicant to send only extracts from the unpublished work instead of the whole manuscript and ask for the return of the extracts after being stamped with the seal of the Copyright Office.

When a work has been registered as unpublished and subsequently it is published, the applicant may apply for changes in particulars entered in the Register of Copyright in Form V with prescribed fee.

## INFRINGEMENT OF COPYRIGHT

Copyright protection gives exclusive rights to the owners of the work to reproduce the work enabling them to derive financial benefits by exercising such rights. If any person without authorisation from the owner exercises these rights in respect of the work which has copyright protection it constitutes an infringement of the copyright. If the reproduction of the work is carried out after the expiry of the copyright term it will not amount to an infringement

In *Penguin Books Ltd., England v. M/s India Book Distributors & Others AIR 1985 Del. 29*, it was observed that whenever there is misappropriation of intellectual property of which the primary beneficiary is the copyright owner there is infringement of copyright. Copyright is a property right. Throughout the world it is regarded as a form of property worthy of special protection in the ultimate public interest. The law starts from the premise that protection would be as long and as broad as possible and should provide only those exceptions and limitations which are essential in the public interest.

Section 51 of the Act contemplates situations where copyright in a work shall be deemed to be infringed. As per this section copyright in a work is infringed when any person without a licence granted by the owner of the copyright or the Registrar of Copyright or in contravention of the conditions of a licence so granted or of any condition imposed by a competent authority does –

- (1) anything for which the exclusive right is conferred upon the owner of the copyright, or
- (2) permits for profit any place to be used for the communication of the work to public where such a communication constitutes an infringement of the copyright in the work, unless he was not aware and had no reasonable ground for believing that such communication would be an infringement of copyright.
- (3) when any person (i) makes for sale or hire or lets for hire or by way of trade display or offers for sale or hire, or (ii) distributes either for the purpose of trade or to such an extent as to affect prejudicially the owner of the copyright, or (iii) by way of trade, exhibits in public, or (iv) imports into India any infringing copies of the work.

However, import of one copy of any work is allowed for private and domestic use of the importer. Explanation to Section 51 clarifies that the reproduction of literary, dramatic, musical or artistic work in the form of cinematograph film shall be deemed to be an infringing copy.

The copyright in a work shall be deemed to be infringed by any person who, without the consent of the owner of the copyright, does anything, the sole right to do which is conferred on the owner of the copyright. *Kartar Singh Giani v. Ladha Singh & Others AIR 1934, Lah 777 (DB)*.

The concept of honest and concurrent user found in Section 12(3) of the 1958 Act for securing concurrent registration is totally irrelevant as defence in a suit for infringement and copyright arising out of a different Act, namely, 1957 Act (*M/s Power Control Appliances & Others v. Sumeet Machines Pvt. Ltd. (1994) 2 SCC 448*).

In *Ushodaya Enterprises Ltd v T.V. Venugopal, 2001 PTC 727*, the division bench of the Andhra Pradesh High Court held that even though the defendant has registered the carton under the Trademark Act, that may not come to the aid of the defendant as the case of the plaintiff is that it owns a copyright of the artistic work under the Copyright Act and no registration is required for the same. Thus the court held that the plaintiff was justified in alleging infringement of his artistic work.

One of the surest test to determine whether or not there has been a violation of copy right is to see if the reader, spectator, or the viewer after having read or seen both the works would be clearly of the opinion and get an unmistakable impression that the subsequent work appears to be a copy of the first. In other words, dealing with the question of infringement of copy right of the applicant's work by the respondent's work, the Court is to test on the visual appearance of the object and drawing, design, or artistic work in question and by applying the test viz., 'lay observer test' whether to persons who are not experts in relation to objects of that description, the object appears to be a reproduction. If to the 'lay observer', it would not appear to be reproduction, there is no infringement of the artistic copy right in the work. A bare look at these two artistic works 'Sharp' and 'Sharp tools'. Moreover, the work 'sharp' in the work of the appellant is embedded in a semi-circle design with rays emitting

from it as if it were a rising Sub; whereas, in the respondent's work it is plainly 'Sharp Tools' with no design super imposing it. Judging by the eye alone, they appear to Court to be totally different. One does not think that any one looking at these two works would say that they are similar in any manner nor do any one would say the design, the lay-out and the manner in which the words written in the works of the respondent was on obvious imitation, much less an imitation of the appellant's work. Applying the various tests set out above, it cannot be said that the respondent had committed an act of piracy by way of copying the copyright of the appellant. As rightly pointed out by the Copyright Board that there can be no copyright in the word or words, but the right can only be in the artistic manner in which the same is written, and in this case the works were totally dissimilar. [*Associated Electronic & Electrical Industries (Bangalore) Pvt. Ltd. v. M/s Sharp Tools* AIR 1991 Kar406].

*M/s. Video Master & another v. M/s. Nishi Productions & others*, 1998(3) Bom. CR 782. The given case examined the circumstances under which the exhibition of film by various modes infringed copy rights. The plaintiff was assigned video playback and cable T.V rights and he objected to the defendants being given the satellite broadcasting rights. The Court observed that there were various modes of communication to public and each one was separate and divisible. It was held that each of the modes of communication could exist in different persons at the same time without infringing copy right of the other.

The *Bombay High Court in Hindustan Lever Ltd., v. Nirma Private Limited, Ahmedabad*, AIR 1991 held that the dissimilarities were totally inadequate to wipe out general impression of the unwary purchaser. Thus, there was prima facie infringement of copyright. The case dealt with the infringement of the copyright in the label when there were only few changes made in the colourable imitation of label.

In *Eastern Book Company & Others v. Navin J. Desai & Another* 2001 PTC (21) 57 Del., Delhi High Court has held:

Copyright is a limited monopoly having its origin in protection. There cannot be any monopoly in the subject matter which the author has borrowed from public domain. Others are at liberty to use the same material. Material in which no one has a copyright is available to all. Every man can take what is useful from the, improve, add and give to the public the whole comprising the original work with his additions and improvements. Under the guise of the copyright, the plaintiffs cannot ask the Court to restrain the defendants from making this material available to public. Judgements/orders published by the plaintiffs in their law reports 'Supreme Court Cases' is not their original literary work but has been composed of, compiled and prepared from and reproduction of the judgements of the Supreme Court of India, open to all. Merely by correcting certain typographical or grammatical mistakes in the raw source and by adding commas, full stops and by giving paragraph numbers to the judgement will not their work as the original literary work entitled to protection under the Copyright Act. Plaintiffs, therefore, have no copyright in the judgements published in their law reports. There being no copyright in the plaintiffs, there is no question of the defendant infringing any alleged copyright. Plaintiffs have failed to make out any prima facie case in their favour and are, therefore, not entitled to any relief in the application.

In *Godrej Soaps (P) Ltd. v. Dora Cosmetics Co.* 2001 PTC (21) 407 Del. It was held that the Delhi High Court held that where the carton was designed for valuable consideration by a person in the course of his employment for and on behalf of the plaintiff and the defendant had led no evidence in his favour, the plaintiff is the assignee and the legal owner of copyright in the carton including the logo.

Crowning Glory carton was designed for valuable consideration by a person who produced the said work in the course of his employment with advertising company under a contract of service for and on behalf of the plaintiff. By the reason of the circumstances in which the said artistic work was produced, the plaintiff is the owner of the legal and equitable title in the artistic work. As a matter of abundant caution the copyright in the carton was assigned to the plaintiff. Plaintiff has proved that it is the assignee of the copyright in the carton for 'Crowning



Glory'

### Statutory Exceptions

Certain exceptions to infringement have been stipulated by the Copyright Act. The object of these exceptions is to enable the reproduction of the work for certain public purposes, and for encouragement of private study, research and promotion of education. The list of acts which do not constitute infringement of copyright has been provided under Section 52 of the Act. These include :

- (i) A fair dealing with literary, dramatic, musical or artistic work, not being a computer programme, for the purposes of –
  - private or personal use, including research;
  - criticism or review, whether of that work or of any other work;
  - reporting of current events and current affairs, including the reporting of a lecture delivered in public.
  - It may be noted that storing of any work in any electronic medium including the incidental storage of any computer programme which is not itself an infringing copy for the said purposes, shall not constitute infringement of copyright.
- (ii) The making of copies or adaptation of a computer programme by the lawful possessor of a copy of such computer programme, from such copy in order to utilise the computer programme for the purposes for which it was supplied; or to make back-up copies purely as a temporary protection against loss, destruction or damage in order only to utilise the computer programme for the purpose for which it was supplied.
- (iii) the doing of any act necessary to obtain information essential for operating inter-operability of an independently created computer programme with other programmes by a lawful possessor of a computer programme provided that such information is not otherwise readily available.
- (iv) the observation, study or test of functioning of the computer programme in order to determine the ideas and principles which underline any elements of the programme while performing such acts necessary for the functions for which the computer programme was supplied.
- (v) the making of copies or adaptation of the computer programme from a personally legally obtained copy for non-commercial personal use.
- (vi) the transient or incidental storage of a work or performance purely in the technical process of electronic transmission or communication to the public.
- (vii) transient or incidental storage of a work or performance for the purpose of providing electronic links, access or integration, where such links, access or integration has not been expressly prohibited by the right holder, unless the person responsible is aware or has reasonable grounds for believing that such storage is of an infringing copy.

It may be noted that if the person responsible for the storage of the copy has received a written complaint from the owner of copyright in the work, complaining that such transient or incidental storage is an infringement, such person responsible for the storage shall refrain from facilitating such access for a period of twenty-one days or till he receives an order from the competent court refraining from facilitating access and in case no such order is received before the expiry of such period of twenty-one days, he may continue to provide the facility of such access.



- (viii) the reproduction of any work for the purpose of a judicial proceeding or for the purpose of a report of a judicial proceeding.
- (ix) the reproduction or publication of any work prepared by the Secretariat of a Legislature or, where the Legislature consists of two Houses, by the Secretariat of either House of the Legislature, exclusively for the use of the members of that Legislature.
- (x) the reproduction of any work in a certified copy made or supplied in accordance with any law for the time being in force;
- (xi) the reading or recitation in public of reasonable extracts from a published literary or dramatic work.
- (xii) the publication in a collection, mainly composed of non-copyright matter, bona fide intended for instructional use, and so described in the title and in any advertisement issued by or on behalf of the publisher, of short passages from published literary or dramatic works, not themselves published for such use in which copyright subsists. However, not more than two such passages from works by the same author are published by the same publisher during any period of five years.

In the case of a work of joint authorship, references in this clause to passages from works shall include references to passages from works by any one or more of the authors of those passages or by any one or more of those authors in collaboration with any other person.

- (xiii) the reproduction of a literary, dramatic, musical or artistic work –
  - by a teacher or a pupil in the course of instruction; or
  - as part of the questions to be answered in an examination; or
  - in answers to such questions.
- (xiv) the performance, in the course of the activities of an educational institution, of a literary, dramatic or musical work by the staff and students of the institution, or of a cinematograph film or a sound recording if the audience is limited to such staff and students, the parents and guardians of the students and persons connected with the activities of the institution or the communication to such an audience of a cinematograph film or sound recording.
- (xv) the causing of a recording to be heard in public by utilising it, -
  - in an enclosed room or hall meant for the common use of residents in any residential premises (not being a hotel or similar commercial establishment) as part of the amenities provided exclusively or mainly for residents therein; or
  - as part of the activities of a club or similar organisation which is not established or conducted for profit;
  - as part of the activities of a club, society or other organisation which is not established or conducted for profit.
- (xvi) the performance of a literary, dramatic or musical work by an amateur club or society, if the performance is given to a non-paying audience, or for the benefit of a religious institution.
- (xvii) the reproduction in a newspaper, magazine or other periodical of an article on current economic, political, social or religious topics, unless the author of such article has expressly reserved to himself the right of such reproduction.
- (xviii) the storing of a work in any medium by electronic means by a noncommercial public library, for

preservation if the library already possesses a non-digital copy of the work.

- (xix) the making of not more than three copies of a book (including a pamphlet, sheet of music, map, chart or plan) by or under the direction of the person in charge of a non-commercial public library for the use of the library if such book is not available for sale in India;
- (xx) the reproduction, for the purpose of research or private study or with a view to publication, of an unpublished literary, dramatic or musical work kept in a library, museum or other institution to which the public has access.

However, where the identity of the author of any such work or, in the case of a work of joint authorship, of any of the authors is known to the library, museum or other institution, as the case may be, the provisions of this clause shall apply only if such reproduction is made at a time more than sixty years from the date of the death of the author or, in the case of a work of joint authorship, from the death of the author whose identity is known or, if the identity of more authors than one is known from the death of such of those authors who dies last;

- (xxi) the reproduction or publication of-
  - any matter which has been published in any Official Gazette except an Act of a Legislature;
  - any Act of a Legislature subject to the condition that such Act is reproduced or published together with any commentary thereon or any other original matter;
  - the report of any committee, commission, council, board or other like body appointed by the Government if such report has been laid on the Table of the Legislature, unless the reproduction or publication of such report is prohibited by the Government;
  - any judgement or order of a court, tribunal or other judicial authority, unless the reproduction or publication of such judgment or order is prohibited by the court, the tribunal or other judicial authority, as the case maybe.
- (xxii) the production or publication of a translation in any Indian language of an Act of a Legislature and of any rules or orders made thereunder-
  - if no translation of such Act or rules or orders in that language has previously been produced or published by the Government; or
  - where a translation of such Act or rules or orders in that language has been produced or published by the Government, if the translation is not available for sale to the public:
  - however, such translation contains a statement at a prominent place to the effect that the translation has not been authorised or accepted as authentic by the Government.
- (xxiii) the making or publishing of a painting, drawing, engraving or photograph of a work of architecture or the display of a work of architecture.
- (xxiv) the making or publishing of a painting, drawing, engraving or photograph of a sculpture, or other artistic work failing under sub-clause (iii) of clause (c) of Section 2, if such work is permanently situate in a public place or any premises to which the public has access.
- (xxv) the inclusion in a cinematograph film of-
  - any artistic work permanently situate in a public place or any premises to which the public has access; or

- any other artistic work, if such inclusion is only by way of background or is otherwise incidental to the principal matters represented in the film.
- (xxvi) the use by the author of an artistic work, where the author of such work is not the owner of the copyright therein, of any mould, cast, sketch, plan, model or study made by him for the purpose of the work. However, he does not thereby repeat or imitate the main design of the work.
- “(xxvii) the making of a three-dimensional object from a two-dimensional artistic work, such as a technical drawing, for the purposes of industrial application of any purely functional part of a useful device;
- (xxviii) the reconstruction of a building or structure in accordance with the architectural drawings or plans by reference to which the building or structure was originally constructed . However, the original construction was made with the consent or licence of the owner of the copyright in such drawings and plans.
- (xxix) in relation to a literary, “dramatic, artistic or” musical work recorded or reproduced in any cinematograph film the exhibition of such film after the expiration of the term of copyright therein .However, the provisions of sub-clause (ii) of clause (a), sub-clause (a) of clause (b) and clauses (d), (f), (g), (m) and (p) shall not apply as respects any act unless that act is accompanied by an acknowledgment-
  - identifying the work by its title or other description;and
  - unless the work is anonymous or the author of the work has previously agreed or required that no acknowledgement of his name should be made, also identifying the author.
- (xxx) the making of an ephemeral recording, by a broadcasting organisation using its own facilities for its own broadcast by a broadcasting organisation of a work which it has the right to broadcast; and the retention of such recording for archival purposes on the ground of its exceptional documentary character.
- (xxxi) the performance of a literary, dramatic or musical work or the communication to the public of such work or of a sound recording in the course of any bona fide religious ceremony or an official ceremony held by the Central Government or the State Government or any local authority. However, religious ceremony including a marriage procession and other social festivities associated with a marriage.
- “(xxxii) the adaptation, reproduction, issue of copies or communication to the public of any work in any accessible format by any person to facilitate persons with disability to access to works including sharing with any person with disability of such accessible format for private or personal use, educational purpose or research; or any organisation working for the benefit of the persons with disabilities in case the normal format prevents the enjoyment of such works by such persons. However, the copies of the works in such accessible format are made available to the persons with disabilities on a non-profit basis but to recover only the cost of production and the organization shall ensure that the copies of works in such accessible format are used only by persons with disabilities and takes reasonable steps to prevent its entry into ordinary channels of business.

It may be noted that “any organization” includes and organization registered under Section 12A of the Income-tax Act, 1961 and working for the benefit of persons with disability or recognized under Chapter X of the Persons with Disabilities (Equal Opportunities, Protection or Rights and full Participation) Act, 1995 or receiving grants from the government for facilitating access to persons with disabilities or an educational institution or library or archives recognized by the Government.”.

- (xxxiii) the importation of copies of any literary or artistic work, such as labels, company logos or promotional or explanatory material, that is purely incidental to other goods or products being imported lawfully.

## Remedies against Infringement of Copyright

Protection of rights under the copyright law, which is basically a negative right is as much a problem of complying with the mandatory provisions of the procedural law as the effective exercise of investigative and adjudicatory functions by the enforcing authorities and the courts.

Section 54 to Section 62 of the Copyright Act provide for civil remedies under the Act. Section 55 provides that where copyright in any work has been infringed, the owner of the copyright can, except as otherwise provided in the Act, be entitled to all remedies like injunctions, damages and accounts as are conferred by law for the infringement of a right. However, if the defendant proves that at the date of the infringement he was not aware and had no reasonable ground to believe that copyright subsisted in the work, the plaintiff will not be entitled to any remedy other than an injunction in respect of the infringement and a decree for the whole or part of the profits made by the defendant by the sale of the infringing copies as the court may, in the circumstances, deem reasonable.

In *Zee Telefilm Limited v. Aalia Productions & Others* 2000 PTC 382 Bom. there was a dispute relating to transfer of copyright in TV serial 'India's Most Wanted'. It was held that in the absence of any specific rights assigned by the defendants in respect of concept/script/story/synopsis/structure and/or format of programme, the plaintiffs cannot seek injunction against the defendant. The assignment agreement executed between the plaintiff and the defendants as regards structure, format, concept, synopsis and script vague and uncertain, the plaintiffs are not entitled to any interim relief.

The case of *Hawkins Cookers Ltd. v. Magicook Appliances Co.*, 100(2002) DLT698 discussed the grant of permanent injunction to the plaintiff for restraining the defendant from using a label for pressure cookers, which was deceptively similar to the registered trade mark 'HAWKINS' of the plaintiff – On non-appearance of the plaintiff, an *ex-parte* order was passed and it was ruled that, the unjust enrichment by the infringing party, was a mischief and the plaintiff was to be protected from it as per Section 55 of the Copyright Act, 1957. Hence permanent injunction was granted.

In any civil proceedings under the Copyright Act for infringement of copyright, it is the District Court which will have jurisdiction over such matters. Section 62 (2) further provides that notwithstanding anything contained in the Civil Procedure Code, 1908 or any other law for the time being in force, the District Court within the local limits of whose jurisdiction the person instituting the suit is actually or voluntarily residing or carrying on business or personally working for gain will have jurisdiction in the matter.

Administrative remedies consist of moving the Registrar of Copyrights under Section 53 to ban the import of infringing copies into India and the delivery of infringing copies confiscated to the owner of the copyright.

Criminal remedies provide for the imprisonment of the accused or imposition of fine or both, seizure of infringing Copies and delivery of infringing copies to the owner of the copyright. Prior to the maximum punishment for infringement of copyright under Section 63 of the Copyright Act, 1957 was one year's imprisonment and fine. These punishments were enhanced by the Copyright (Amendment) Act, 1984 with a view to curbing widespread piracy in video-taping and musical records. Under these provisions, a person who knowingly infringes or abets the infringement of copyright in a work or any other right conferred by the Copyright Act, is punishable with imprisonment for a term of not less than six months but which may extend to three years and fine which shall not be less than ₹ 50,000/-, but which may extend to ₹ 2,00,000/-. However, the court has the discretion to reduce the minimum term of imprisonment and the minimum fine for adequate and special reasons. For the second and subsequent convictions, the minimum term of imprisonment has been prescribed as one year and the minimum fine ₹ 1,00,000/-. The amendment in 1994, has further restricted the discretion of the court to impose lesser penalties than the minimum prescribed in the Act. The imposition of lesser penalties than the minimum

prescribed in the Act has been restricted to cases where the infringement has not been made for gain in the course of trade and business. In other words, courts have been given discretion to impose a lesser penalty where the infringement is of a technical nature and not motivated by business considerations.

Section 54 defines the term owner of copyright. In *Rupendra Kashyap v. Jiwan Publishing House* 1996 PTC (16) 439 Del., it was held that CBSE is a public undertaking; examination papers are literary work made under the direction and control of CBSE and applicability of Section 17(dd) of Copyright Act is squarely attracted to the facts of the case. CBSE is the first owner of the copyright in the examination papers on which examinations are conducted by it.

In another case Allahabad High Court has held that the copyright in the question papers set for the High School and Intermediate examinations belongs to the paper-setters and since this copyright neither belonged to nor has been assigned to the Board, the notification which declares that 'copyright of the question papers set at the examinations conducted by Board shall vest in the Board' is clearly bad. Simply by issuing a notification under the Intermediate Education Act, the State Government could not arrogate to itself or to the Board a right which neither of them possessed under the law relating to copyright, embodied in the Copyright Act of 1957 (*Agarwala Publishing House v. Board of High School and Intermediate Education & Another* AIR 91: 1996 All LJ 550).

Section 58 entitles the owner of the copyright to initiate proceedings for the possession of infringing copies and other materials related thereto. In this context, the section clarifies that all infringing copies of any work in which copyright subsists and all plates used or intended to be used for the production of such infringing copies shall be deemed to be the property of the owner of the copyright.

*Eastern Book Company & Ors. v. D.B. Modak & Anr.* Appeal (civil) 6472 of 2004, D/12/12/2007(AIR 2008 Supreme Court 809, 810)

The judicial pronouncements of the Apex Court would be in the public domain and its reproduction or publication would not infringe the copyright. That being the position, the copy-edited judgments would not satisfy the copyright merely by establishing amount of skill, labour and capital put in the inputs of the copy-edited judgments and the original or innovative thoughts for the creativity are completely excluded. Accordingly, original or innovative thoughts are necessary to establish copyright in the authors work. The principle where there is common source the person relying on it must prove that he actually went to the common source from where he borrowed the material, employing his own skill, labour and brain and he did not copy, would not apply to the judgments of the courts because there is no copyright in the judgments of the court, unless so made by the court itself. To secure a copyright for the judgments delivered by the court, it is necessary that the labour, skill and capital invested should be sufficient to communicate or impart to the judgment printed in SCC some quality or character which the original judgment does not possess and which differentiates the original judgment from the printed one. The Copyright Act is not concerned with the original idea but with the expression of thought. Copyright has nothing to do with originality or literary merit. Copyrighted material is that what is created by the author by his own skill, labour and investment of capital, maybe it is a derivative work which gives a flavour of creativity. The copyright work which comes into being should be original in the sense that by virtue of selection, co-ordination or arrangement of pre-existing data contained in the work, a work somewhat different in character is produced by the author. To claim copyright in a compilation, the author must produce the material with exercise of his skill and judgment which may not be creativity in the sense that it is novel or non-obvious, but at the same time it is not a product of merely labour and capital. The derivative work produced by the author must have some distinguishable features and flavour to raw text of the judgments delivered by the court. The trivial variation or inputs put in the judgment would not satisfy the test of copyright of an author.

Adding, in the copy-edited version the cross-citations to the citation(s) already given in the original text; adding

names of cases and cross-citations where only the citation of the case is given; adding citation and cross-citations where only name of the case is given; inserting citation in case history where only the title and year of the impugned/earlier order is given; presenting in their own style the cases when they are cited repeated in the judgment; providing precise references to the quoted matter in the judgment by giving exact page and paragraph number as in the original case source/treatise/reference material; adding margin headings to quoted extracts from statutes/rules, etc., when they are missing from the original text of the judgment; adding the number of the Section/Rule/Article/paragraph to the extract quoted in the original text; adding the names of Judges on whose behalf opinion given ; adding ellipsis “.....” to indicate breaks in quoted extract; supplying the matter inadvertently missed in quoted extracts in the original text of the judgment; changing the text as per corrigenda issued, etc. etc., does not give the Law Journal copyright in the copy-edited judgement.

**Win Medicare Pvt Ltd. v. K. Pharmaceutical Works 126 (2006) DLT 651 Badar Durrez Ahmed, J.**

**Brief Facts:**

Plaintiff is the manufacturer of BETADINE and also the owner of the design of the bottle and the labels. Defendant also manufactured similar product and marketed the same. The shape of the bottle and the artwork, color combination of the labels etc., were identical with that of the plaintiff. Plaintiff sued for infringement and consequent damages.

**Decision:** Suit decreed.

**Reason:**

A comparison of the bottles, of the plaintiff and defendant, clearly shows that the defendant substantially copied the bottle of the plaintiff. Thereby the defendant has adopted an identical and/or substantially similar getup, layout and color combination on its “Povidone Iodine Solution” bottle labels which would amount to the infringement of the copyright which vests with the plaintiff in the said label. In these circumstances, the act and conduct of the defendant would amount to passing off and, therefore, the suit is decreed.

**Expar S A & Anr v. Upharma Laoratorie Ltd. & Anr. [JT 2004 9 (3) 1 SC] Ruma Paul & P. Venkatrama Reddi, JJ. [Decided on 20.02.2004]**

**Brief Facts:** The appellants filed a suit for infringement of copyrights, in respect of their medicinal product ‘Maloxine’, against the respondents in the Delhi High Court and sought injunction against them. The Single Judge of the Court granted an interim injunction against which both the appellants as well as the respondents went in appeal to the Division Bench. The Division Bench allowed the appeal of the respondents and directed the appellants suit to be returned to them for filing before the appropriate court. Against this order of the Division bench the appellants moved the Supreme Court raising an issue whether the High court of Delhi has the jurisdiction under section 69(2) of the Copyrights Act to entertain the suit filed by the appellants

**Decision:** Appeal Allowed.

**Reasons:**

The object and reason for the introduction of subsection (2) of section 62 was not to restrict the owners of the copyright to exercise their rights but to remove any impediment from their doing so. Section 62(2) cannot be read as limiting the jurisdiction of the district court only to cases where the person instituting the suit or other proceeding, or where there are more than one such persons, any of them actually and voluntarily resides or carries on business or presently works for gain. It prescribes an additional ground for attracting the jurisdiction of a court over and above the ‘normal’ grounds as laid down in section 20 of the Code. Even if the jurisdiction of the court were restricted in the manner construed by the Division Bench, it is evident not only from the cause



title but also from the body of the plaint that the Appellant No.2 carries on business within the jurisdiction of the Delhi High Court. The appellant no.2 is certainly “a person instituting the suit”. The Division Bench went beyond the express words of the statute and negated the jurisdiction of the Court because it found that the appellant no.2 had not claimed ownership of the copyright of the trademark infringement of which was claimed in the suit. The appellant no.2 may not be entitled to the relief claimed in the suit but that is no reason for holding that it was not a person who had instituted the suit within the meaning of section 62(2) of the Act.

Service of a mere notice may not be sufficient to found jurisdiction unless such notice formed an integral part of the cause of action. But a ‘cease and desist’ notice in a copyright action cannot, particularly in view of section 60 of the Act, be termed to be a ‘mere’ notice. Such a threat may give rise to the right to institute a suit to counter such threat and to ask for relief on the ground that the alleged infringement to which the threat related was not in fact an infringement of any legal right of the person making such threat.

The impugned decision is accordingly set aside and the matter is remanded to the Division Bench for disposal of the appeals filed by the respondents and appellants on merits.

### Moral Rights – Author’s Special Right

Apart from remedies for infringement of copyright, the Act expressly provides for the protection of special rights of the author known as moral rights. Under Section 57 of the Act an author of copyright work can restrain or claim damages in respect of any distortion or mutilation of the work or any other action in relation to the said work which would be prejudicial to his honour or reputation. These rights can be exercised even after the assignment of the copyright. They can be enforced by an action for breach of contract or confidence, a suit for defamation, or passing off, as the case maybe.

### Anton Piller Injunctive Relief in India

Besides traditional remedies the non-traditional forms of remedies like, Anton Piller Order, interlocutory injunction, etc, have assumed more popularity nowadays.

The first use of such order was made by *Templeman J, in EMI v. Pandit, (1975) 1All E R 418*, to protect the offending evidences from being destroyed. However, it was only after the case of *Anton Piller KG v. Manufacturing Process, (1976) 1All E R 779.418*, that it gained recognition and popularity.

The statutes governing intellectual property in India like Copyright Act, 1957, Trade Marks Act, 1999; Patents Act, 1970 (as amended by Patents (Amendment) Act, 2005, Designs Act, 2000 etc. stipulate the rights that are available to the intellectual property owner, besides containing a sound mechanism to prevent the infringement of intellectual property rights. The remedies available for protection of IPR are broadly classified into civil and criminal remedies.

The orders in line of Anton Piller order are made under the head of civil remedies. The application of Anton Piller order in India is still in a nascent stage. There is not much case-laws debating over the aspects of Anton Piller order. One of the earliest case that dealt with the concept of Anton Piller order, though cursorily was *National Garments v. National Apparels, (1990)PTC98*.

In *Bucyrus Europe Ltd. v. Vulcan Industries Engineering Co. Pvt. Ltd., 2005(30) PTC 279*, the court observed that an Anton Piller order can be passed in the following situations:

- Where the plaintiff has an extremely strongly prima facie case;
- Where the actual or potential damage to the plaintiff is very serious;
- Where it was clear that the defendant possessed vital evidence;and



- There was a real possibility that the defendant might destroy or dispose of such material so as to defeat the ends of justice.

The purpose of Anton Piller order is the preservation of evidences.

The application of Anton Piller order in India is still in nascent stage and lot many questions are still left unanswered.

## APPEALS

An appeal under the Copyright Act, 1957 lies against (a) certain orders of magistrate & (b) against orders of Registrar of Copyrights and Copyright Board:-

As per Section 71 of the Act any person aggrieved by an order under sub-section (2) of Section 64 or Section 66 may, within thirty days of the date of such order, appeal to the court to which appeals from the court making the order ordinarily lie, and such appellate court may direct that execution of the order be stayed pending disposal of the appeal.

Section 72(1) provides that any person aggrieved by any final decision or order of the Registrar of Copyrights may, within three months from the date of the order or decision, appeal to the Copyright Board.

Any person aggrieved by any final decision or order of the Copyright Board, not being a decision or order made in an appeal under sub-section (1), may, within three months from the date of such decision or order, appeal to the High Court within whose jurisdiction the appellant actually and voluntarily resides or carries on business or personally works for gain.

However, no such appeal shall lie against a decision of the Copyright Board under Section 6.

## INTERNATIONAL CONVENTIONS

The first multilateral agreement on copyright is the Berne Convention which was concluded in 1886 and was meant for providing protection to literary and artistic works. A country joining the Convention has to provide copyright protection to literary and artistic works of member countries in its own territory and also entitled for enjoying reciprocal protection from others. The Berne Convention was revised seven times in 1896 (at Paris), 1908 (at Berlin), 1928 (at Rome), 1948 (at Brussels), 1967 (at Stockholm) and 1971 (at Paris) and finally in 1978. Among these, the 1971 revision (the Paris Act) is of particular importance to the developing countries as it provided special concessions to these countries in making translations and reproduction of foreign literary works for educational purposes. Ninety countries are at present member of the Berne Convention.

The post Second World War era saw the emergence of the need for protecting copyright on an universal basis. Till then countries in the North America were not party to the Berne Convention and copyright protection in these countries were governed by various national and regional agreements.

In August, 1952 the Intergovernmental Copyright Conference was convened in Geneva which led to the adoption of another historical copyright convention, namely the Universal Copyright Convention (UCC). The UCC is not a substitute for the Berne Convention. Rather it tried to establish the link between the countries on the Bern Union and those in North America. India is a member of both the Berne Convention and the UCC.

TRIPS Agreement negotiated at the Uruguay Round of General Agreement on Tariffs and Trade (GATT) in 1994 came into effect on 1 January 1995. The text comprises 73 articles grouped in seven different parts. The standards for specific IPRs such as copyright and related rights are discussed under articles 9-14.

### LESSON ROUND UP

- Copyright is a well recognized form of property right which had its roots in the common law system and subsequently came to be governed by the national laws in each country.
- Copyright is a right given by the law to creators of literary, dramatic, musical and artistic works and producers of cinematograph films and sound recordings. In fact, it is a bundle of rights including, inter alia, rights of reproduction, communication to the public, adaptation and translation of the work.
- In India, the law relating to copyright is governed by the Copyright Act, 1957 which has been amended in 1983, 1984, 1985, 1991, 1992, 1994, 1999 and 2012 to meet with the national and international requirements
- Under the Copyright Act, 1957 copyright subsists throughout India in the following classes of works: Original literary; dramatic, Musical and artistic works; Cinematograph films; and Sound recordings.
- The definition of “Literary work” under the Copyright Act, 1957 includes computer programmes, tables and compilations including computer “literary databases.
- Literary, dramatic, musical or artistic works enjoy copyright protection for the life time of the author plus 60 years beyond i.e. 60 years after his death. In the case of copyright in posthumous, anonymous and pseudonymous works, photographs, cinematograph films, sound recordings, works of Government, public undertaking and international organisations, the term of protection is 60 years from the beginning of the calendar year next following the year in which the work has been first published.
- The Act provides for the establishment of the Copyright Board and empowers the Central Government to constitute the same consisting of a Chairman and not less than two, but not more than fourteen members.
- The owner of the copyright in an existing work or the prospective owner of the copyright in a future work may assign to any person the copyright Section 18 of the Copyright Act provides for the assignment of copyright in an existing work as well as future work.
- An assignment of copyright should be in writing signed by the owner of the copyright.
- The Act empowers the owner of the copyright in any existing work or the prospective owner of the copyright in any future work to grant any interest in the right by licence in writing by him or by his duly authorised agent.
- Central Government has been authorised to register association of persons as copyright society. The Central Government cannot register more than one copyright society to do business in respect of the same class of works. The Act empowers a Copyright Society to accept exclusive authorisation from an owner of Copyright to administer any right in any work by issuing licences or collection of licence fee or both.
- The Act recognizes rights of broadcasting organisations and of performers. The Act entitles every broadcasting organisation to have a special right to be known as “broadcast reproduction right” in respect of its broadcasts for twenty-five years from the beginning of the calendar year next following the year in which the broadcast is made.
- The Copyright Act applies only to works first published in India, irrespective of the nationality of the author. However the Act empowers the Government of India to extend the benefits of all or any of the provisions of the Act to works first published in any foreign country.

- Government of India has passed the International Copyright Order, 1958. According to this order any work first published in any country which is a member of the Berne Convention or the Universal Copyright Convention will be accorded the same treatment as if it was first published in India.
- The registration of the work under the Copyright Act is not compulsory and is not a condition precedent for maintaining a suit for damages, if somebody infringes the copyright.
- Act contemplates situations where copyright in a work is deemed to be infringed and provides for civil remedies, administrative remedies and criminal to the owner of the copyright in the event of infringement.
- Apart from remedies for infringement of copyright, the Act expressly provides for the protection of special rights of the author known as moral rights.
- Besides traditional remedies, the non-traditional forms of remedies like, Anton Pillar Order, interlocutory injunction, etc, have assumed more popularity nowadays.

### SELF TEST QUESTIONS

1. Briefly explain the term “copyright” and the rights conferred by the copyright.
2. There is no copyright in an idea. Explain.
3. The philosophical justification for including computer programmes within the definition of “literary work” has been that computer programmes are also products of intellectual skill like any other literary work. Discuss
4. Copyright protects the rights of authors. How an author has been defined under the Copyright Act?
5. Write short notes on the following:
  - (a) Assignment of copyright
  - (b) Copyright societies
  - (c) Term of copyright
  - (d) Broadcast and reproduction right
  - (e) Anton Piller order
6. Briefly explain the procedure relating to registration of copyright. Is registration of the work compulsory under the Copyright Act?
7. What do you mean by performer’s right? What are the exclusive rights of a performer under the Copyright Act?
8. Who is authorized to constitute the Copyright Board? Enumerate the functions of the Copyright Board.
9. Briefly outline the remedies available to a copyright owner when his copyright is infringed?
10. Can copyright be assigned? If so, what is the mode of assigning copyright?

[illegible]



# Lesson 13

## Industrial Designs

### LESSON OUTLINE

- Need for Protection of Industrial Designs
- Subject Matter of Protection and Requirements
- What is Registrable Design
- What is a Design
- Registrable Design
- Novelty & Originality
- Registration of Design
- Procedure for Registration
- Period of Protection
- Procedure for Cancellation of Design
- Copyright under Design
- Piracy and Penalties
- Assignment of Designs
- LESSON ROUND UP
- SELF TEST QUESTIONS

### LEARNING OBJECTIVES

Industrial design play an important role in the trading of consumer goods or products. Industrial designs are what makes a product attractive and appealing; hence, they add to the commercial value of a product and increase its marketability. Today, industrial design has become an integral part of consumer culture where rival articles compete for consumer's attention. It has become important therefore, to grant to an original industrial design adequate protection. When an industrial design is protected, this helps to ensure a fair return on investment. An effective system of protection also benefits consumers and the public at large, by promoting fair competition and honest trade practices.

That apart, protecting industrial designs helps economic development, by encouraging creativity in the industrial and manufacturing sectors and contributes to the expansion of commercial activities and the export of national products.

Students should be well versed with the provisions of the design legislation in India so as to understand what an industrial design is; why to protect industrial designs; how can industrial designs be protected; and how extensive is industrial design protection. Besides, they should be well versed with the application filing procedure as required under the law.

## CONCEPT OF DESIGN

Industrial designs belong to the aesthetic field, but are at the same time intended to serve as pattern for the manufacture of products of industry or handicraft. An industrial design is the ornamental or aesthetic aspect of a useful article, which must appeal to the sense of sight and may consist of the shape and/or pattern and/or color of article. An industrial design to be protectable, must be new and original. Industrial designs are protected against unauthorized copying or imitation, for a period which usually lasts for five, ten or 15 years.

Textile designs were the first to receive legal protection. As early as in 1787 the first Act for design protection was enacted in Great Britain for the encouragement of the arts of design. This was an experimental measure extending protection for a limited duration. Shortly thereafter its life was extended and it was made perpetual. In 1839 the protection under the Act was enlarged to cover "Designs for printing other woven Fabrics".

In the same year another Act was passed for design protection for articles of manufacture generally: An Act to secure to Proprietors of Designs for Articles of Manufacture the Copyright of such Designs for a limited period of time. The legislative process for design protection took rapid strides thereafter. A consolidating and updating measure was enacted in 1842. An Act to consolidate and amend the laws relating to the Copyright of Designs for ornamenting Articles of manufacture-repealed all the earlier statutes referred to above.

It is significant to note that when the designs law was codified in 1842 and took its modern day shape, copyright protection had not yet been extended to drawings, paintings and photographs. This came only twenty years later with the enactment of the Fine Arts Copyright Act, 1862. Codification of copyright law was nowhere in sight and came only seventy years later with the enactment of the Imperial Copyright Act, 1911. Until 1883, the statutes relating to patents, designs and trade marks remained separate. They were combined in a single enactment by the Patents, Designs, and Trade Marks Act, 1883, which repealed all the then existing statutes in the three areas. Soon trade marks law parted company and was separately enacted as the Trade Marks Act, 1905, leaving patents and designs to remain together. The Patents and Designs Act, 1907 consolidated the enactments relating to patents and designs.

The first designs legislation enacted in India for the protection of Industrial Designs was the Patents and Designs Protection Act, 1872. It was enacted to supplement the Act of 1859 passed by the Governor General of India for granting exclusive privileges to inventors and added protection for Industrial Design. The Act of 1872 was passed to extend similar privileges to the inventors of "any new and original pattern and design" in British India, though for a very shorter duration. It included in the term "new manufacture" any new and original pattern or design, or the application of such pattern or design to any substance or article of manufacture". The Act, however, left undefined the expression new pattern or design.

The Inventions and Designs Act, 1898, which consolidated and amended the law relating to the protection of inventions and designs contained provisions relating to designs in a separate part. The (British) Patents and Designs Act, 1907, became the basis of the Indian Patents and Designs Act, 1911. The provision relating to patents under the Indian Patents and Designs Act, 1911, were repealed by the Patents Act, 1970 – a post-Independence updation and consolidation of the patent law. The design provisions of the Indian Patents and Designs Act, 1911 continued, with some consequential amendments, with the title as the Designs Act, 1911. The new Designs Act, 2000 has been passed by the Parliament to make the Design Law in India TRIPS compliant.

### What is a Design?

Design as per Section 2(d) of the Designs Act, 2000 means only the features of shape, configuration, pattern or ornament or composition of lines or colour or combination thereof applied to any article whether two dimensional or three dimensional or in both forms, by any industrial process or means, whether manual,



mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye, but does not include any mode or principle or construction or anything which is in substance a mere mechanical device, and does not include any trade mark, as defined in clause (v) of sub-section of Section 2 of the Trade and Merchandise Marks Act, 1958, property mark or artistic works as defined under Section 2(c) of the Copyright Act, 1957. The pre-requisites for a design to qualify for protection are as follows: It should be novel and original It should be applicable to a functional article It should be visible on a finished article It should be non-obvious There should be no prior publication or disclosure of the design.

### What is Not a Design?

As stated in the definition of the design above, design does not include:

- (i) any trademark, as defined in Section 2(zb) of the Trademarks Act, 1999, or
- (ii) any property mark, as defined in Section 479 of the Indian Penal Code, 1860, or
- (iii) any artistic work, as defined in Section 2(c) of the Copyright Act, 1957.

### Artistic Work means

- (i) A painting, sculpture, drawing (including a diagram, map, chart or plan), an engraving or a photograph, whether or not any such work possesses artistic quality.
- (ii) Any work of architecture i.e. any building or structure having an artistic character or design or any mode for such building or structure.
- (iii) Any work of artistic craftsmanship (Section 2(c)).

An illustrative list of non-registrable designs is as under:

- book jackets, calendars, certificates, forms and other documents.
- dress making patterns, greeting cards, leaflets, maps and plan cards.
- post cards, stamps and medals.
- labels, tokens, cards and cartoons.
- any principle or mode of construction of an article.
- mere workshop alterations of components of an assembly.
- mere change in size of article.
- flags, emblems or signs of any country.
- layout designs of integrated circuits.

### Registrable Design

A design is capable of being registered only if it is new or original.

**Novelty:** A design shall be considered to be new when it has not been disclosed to the public, anywhere in India or in any other Country, by publication or by use or in any other way, prior to the filing date or priority date.

A design shall be considered new if it is significantly distinguishable from known designs or combination of known designs. [Section 4]

*Originality*: Original in relation to a design, means

- (a) originating from the author of design, and
- (b) includes the cases, which though old in themselves yet are new in their application. [Section 2(g)]

For instance, the figure of Taj Mahal is centuries old. But if a person conceives for the first time, the idea of making a flower vase or an ash tray in the form of figure of Taj Mahal, that may be an original design and shall be registrable.

### Application and Registration of Design

Section 5 provides that the Controller may, on the application of any person claiming to be the proprietor of any new or original design not previously published in any country and which is not contrary to public order or morality register the design under the Act. Every application for registration is required to be in the prescribed manner and accompanied by the prescribed fee. A design when registered shall be registered as of the date of the application for registration.

As per Section 7, the Controller shall, as soon as may be after the registration of a design, cause publication of the prescribed particulars of the design to be published in the prescribed manner and the design be open to public inspection. Under Section 9 of the Design Act, the Controller grants a certificate of registration to the proprietor of the design when it is registered.

The important purpose of design Registration is to see that the artisan, creator, originator of a design having aesthetic look is not deprived of his *bona fide* reward by others applying it to their goods.

## PROCEDURE FOR REGISTRATION OF DESIGNS

### Where to Apply

Any person claiming to be the proprietor of any new or original design may apply for registration. An application for registration of a Design shall be addressed to the Controller of Designs, the Patent Office at Kolkata, or at any of its branch offices at New Delhi, Mumbai and Chennai. A proprietor may be from India or from a Convention Country.

### Type of Applications

- (a) Ordinary application.  
An ordinary application does not claim priority.
- (b) Reciprocity application.

A reciprocity application claims priority of an application filed previously in a convention country. Such an application shall be filed in India within six months from the date of filing in Convention Country. This period of six months is not extendable. [Section 5, 44]

### Substitution of Applicant or Joint Claiming

Name of an applicant can be substituted or a joint claim can be made for an applied design, if the following requirements are met:

- (a) The claim for substitution is made before the design has been registered; and
- (b) Right of claimant shall be created only by:

- (i) an assignment;
  - (ii) agreement in writing made by the applicant or one of the applicants; or
  - (iii) operation of law; and
- (c) The design under consideration shall be identified in the assignment or agreement specifically by reference to the number of application for registration; or
- (d) The rights of the claimant in respect of the design have been finally established by a Court.

A request for substitution of applicant shall be filed in Form-2 along with the required fee. If the above said requirements are fulfilled and the Controller is satisfied that upon registration of design, the claimant would be entitled to any interest in the design, the Controller may direct that the application shall proceed:

- (i) in the names of the claimant(s); or
- (ii) in the names of the claimant(s) and the applicant or the other joint applicant(s), as the case may be.

However, in case of joint applicants, the Controller shall not pass such direction without the consent of the other joint applicant(s). [Section 8]

## CONTENTS OF APPLICATION

### Application Form

- (a) An application shall be filed in Form-1, along with the prescribed fees, stating the full name, address, nationality, name of the article, class number and address for service in India. Foreign applicants are also required to give an address for service in India, which could be the address of their Agent in India. In case of foreign applicants, it is mandatory to give an address for service in India. Unless, such an address is given, the Office shall not proceed with the application.
- (b) The class to which the article belongs shall be mentioned correctly in Form-1. Under the Designs Rules, 2001, articles have been classified in the Third Schedule based on Locarno Classification. It may be noted that for registering a design in more than one class, a separate application is required to be filed for each class.
- (c) The application shall be signed either by the applicant or by his authorized agent/legal representative. In India, only a registered patent agent or a legal practitioner can be appointed as an authorised agent.
- (d) In case, the applicant has already registered a design in any other class of articles, the fact of such registration along with the registration number shall be mentioned in Form-1. [Sections 5, 6, 43, 44, Rules 4, 9, 10]

A Design Application may be filed personally by an applicant or through a patent agent/legal practitioner. If the application is filed through a patent agent/legal practitioner, a power of authority shall be submitted, along with the application. General Power of Attorney is also acceptable. [Section 43, Rule 9]

### Priority Document

A reciprocity application shall be accompanied by a copy of the design application filed in the Convention Country. Such copy shall be duly certified by the Official Chief or Head of the Organisation in which it was filed. If the priority document was not filed with the application, the same may be filed within an extended period of three months. Extension may be sought by filing Form-18 along with the prescribed fee. [Section 44, Rule 2(d), 15]

### Representation Sheet

- (a) The representation sheet of an article needs to be prepared diligently and shall be filed along with the application, in duplicate. The Designs Rules require that four copies of the representation shall be filed along with the application. However, as the records are digitised and processed electronically, two copies of the representation shall suffice.
- (b) Representation means the exact representation of the article for which registration is sought. A representation may contain more than one page.

Representation shall be exactly similar drawings, photographs, tracings including computer graphics or specimens of the design. The Controller may require a specimen of the article to be submitted at the time of examination, in rare cases. [Rule 11, 14, 12]

### Classification of Designs

- (a) For the purpose of registration of designs, articles are classified into thirty-one classes and a miscellaneous class 99, as described in the Third Schedule of The Design Rules, 2001.
- (b) The appropriate class shall be clearly identified with reference to The Third Schedule and shall be mentioned in Form 1. In case of any ambiguity, the Controller may decide the same, if necessary, in consultation with the applicant.
- (c) When a Design Application is for an article with multiple utilities, the application may be made with depiction of an article in any one or more of the utilities. For instance, in case of a design of pen cum torch, the applicant is at liberty to apply in the class relating to pen, torch, pen-torch, or file two applications in different classes for better protection.
- (d) The classification of articles under the Third Schedule is based on the International Classification of Industrial Designs according to the Locarno Agreement. However, India is not a signatory to the agreement.
- (e) Ordinarily, the name of article should be common/familiar in the Trade or Industry and shall be analogous to the representation of the article. If the name of article is not common, the applicant may state the purpose for which the article is intended to be used, in Form-1 and representation sheet, so as to enable the Office to correctly decide the classification and facilitate search. [Section 5(3), Rule 10, 11]

### Address for Service

- (a) An address for service in India shall be given by every person in any proceeding under the Act or Rules.
- (b) Change in address for service before a design has been registered shall be effected by filing a petition under Rule 46 with the prescribed fee, along with the fresh Form-1.
- (c) Any change in address for service for a registered design shall be effected by filing Form-22 with the prescribed fee.
- (d) Unless an address for service is given, the Controller shall not proceed with the application.
- (e) An address for service shall include e-mail of the agent/applicant. [Rule 4, 31, 46]

### Processing & Examination of the Application

On receipt of an application, the Office accords a date and serial number to the application. This serial number, upon registration, becomes the registration number of the design. The application for registration of a design is

refereed by the Controller of Designs to an Examiner of Designs for conducting examination as to:

- (a) whether the application and the documents satisfy the formal requirements, and
- (b) whether such design as applied to an article is registrable, under the provisions of the Designs Act, 2000 and Designs Rules, 2001. [Section 5(1)]

### Formality Check

The Examiner determines whether:

- (a) the application is in prescribed format?
- (b) the prescribed fee has been paid?
- (c) the name, address, and nationality of the applicant is mentioned?
- (d) address for service is given in the application form?
- (e) declaration of proprietorship is given in the application form?
- (f) representation sheet is in a manner as prescribed in Rule 14?
- (g) power of authority, if applicable, is filed?
- (h) in case of reciprocity application:
  - (I) the application was filed within the prescribed time?
  - (II) the priority document was filed at the time of filing? If not, whether the priority document was filed within the extendable period of three months along with the prescribed form and fees?
  - (III) the application was filed by the same applicant? If not, whether the assignment document has been filed?

When the application is deficient in respect of (g), the Examiner reports the deficiency to the Controller, who communicates the statement of objections to the applicant. Such an application shall proceed for substantive examination only after compliance of the objections. The applicant may comply with the deficiencies within three months from the date of communication of the statement of objections or respond to the objections, failing which the application shall be treated as withdrawn.

### Substantive Examination

Substantive examination is carried out to determine whether the design under consideration is:

- (a) 'a design' under the Act?
- (b) new or original?
- (c) prejudicial to public order or morality?
- (d) prejudicial to the security of India? [Section 2 (d), 2(g), 5(1), 46]

The Controller shall consider the report of Examiner on registrability of a design as applied to an article and if it is registrable, the same shall be registered forthwith. The registration certificate shall be issued and sent to the applicant at the earliest.

If upon consideration of the report, the Controller is of the opinion that there are objection(s) adverse to the applicant or the application requires some amendment(s), a statement of objections shall be communicated to

the applicant or to his agent at the address for service by the Controller.

The defects shall be corrected and the application resubmitted for acceptance within six months or within the extended period from the official date of the application. [Section 5(1), Rule 18]

### Registration & Publication

Once an application is registered, it is published in the Patent Office Journal ordinarily within one month. The registration number is same as the application number. The date of registration of an ordinary application is the date of filing of the application. In case of reciprocity application, the date of registration is the date of filing of application in the Convention Country. [Section 7]

### Certificate of Registration

Upon registration, the Controller issues a certificate of registration to the proprietor of the design. The certificate is sent by registered post to the address for service. No hand delivery of certificate of registration is allowed. [Section 9]

### Register of Designs

All the registered designs are entered in the Register of Designs maintained at Patent Office, Kolkata. The register is available to public for inspection and an e-register is also available at the official website. [Sections 10, 26; Rules 30, 37, 38, 41]

### Cancellation of Registration of a Design

- (a) The registration of a design may be cancelled at any time after the registration of the design on a petition for cancellation in Form 8, along with the prescribed fee.
- (b) Such petition may be filed at any of the four Patent Offices. Such petitions filed in Offices other than Kolkata, are transmitted to the Kolkata Patent Office. However, at present, all further proceedings of cancellation take place only at Patent Office, Kolkata and hence all communications relating to cancellation petitions are required to be communicated to that office.
- (c) The petition for cancellation of registration of a design may be filed on any of the following grounds:
  - (i) that the design has been previously registered in India;
  - (ii) that it has been published in India or in any other country prior to the date of registration;
  - (iii) that the design is not a new or original;
  - (iv) that the design is not registrable under this Designs Act;
  - (v) that it is not a design as defined under Section 2(d).

### Procedure

- (a) The petition for cancellation shall be accompanied by a statement and evidence setting out the facts based upon which the petition is filed. The statement shall also state the nature of applicant's interest so as to determine, whether the petitioner is a person interested.
- (b) The fact of filing of a petition for cancellation of registration of a design is published in the Official Journal.
- (c) On receipt of a petition for cancellation, the Controller shall send a copy of the petition along with

statement and evidence to the registered proprietor at the earliest.

- (d) If the registered proprietor desires to oppose the petition, he shall file at Patent Office, Kolkata, a counter statement and evidence, if any, setting out fully the grounds upon which he intends to oppose the petition, within one month from the date of intimation by the Controller, and deliver a copy to the Petitioner, simultaneously. This period of one month is extendable by a maximum of three months, by filing a petition for extension with the required fee.
- (e) After receipt of counter statement and evidence, if any, from the registered proprietor, the Petitioner may file his reply statement and evidence, by way of affidavits, within one month from the date of delivery of the registered proprietor's counter statement and evidence. Reply evidence of the petitioner shall be strictly confined to matters in the evidence of the registered proprietor. This period of one month is extendable by a maximum of three months, by filing a petition for extension with the required fee. The petitioner shall deliver a copy of his reply statement and evidence to the registered proprietor, simultaneously.
- (f) No further evidence shall be delivered by either party, except with the leave or direction of Controller.
- (g) Where a document is in a language other than English and is referred to in any statement or evidence, an attested translation thereof in duplicate in English should be furnished.
- (h) After completion of the filing of statement and evidence by the Petitioner and Registered Proprietor, the Controller shall give at least ten days' notice for hearing.
- (i) On receipt of the notice of hearing, if either party desires to be heard, a notice of intention to attend the hearing shall be filed in Form 20.
- (j) The Controller may refuse to hear any party which has not given such notice and fee.
- (k) If either party intends to rely on any publication at the hearing, not already mentioned in the petition for cancellation, statement or evidence, he shall give to the other party and to the Controller a notice of his intention to do so, together with details of such publication. Such notice shall be given at least five days' in advance.
- (l) After hearing the parties, or if neither party desires to be heard, then without a hearing, the Controller shall decide the petition and issue a speaking order. The decision of Controller shall be notified to the parties and shall be published in the Official Journal.
- (m) Subsequent entries, if necessary, shall be made in the Register of Designs. [Section 19, Rule 29]

### Provisions of Copyright Act as Applied to a Design

A creator of a design shall keep in mind the following provisions of the Copyright Act, 1957:

- (a) Copyright shall not subsist under the Copyright Act in any design which is registered under the Designs Act.
- (b) Copyright in any design, which is capable of being registered but which has not been so registered shall cease as soon as any article to which the design has been applied has been reproduced more than fifty times by an industrial process, by the owner of the copyright, or with his license, by any other person. [Section 15 of The Copyright Act, 1957]

### Period of Protection

The duration of a design registration is initially ten years from the date of registration but in cases where claim to



priority has been allowed, the duration is ten years from the priority date. This initial period of ten years may be extended by a further period of 5 years, if the registered proprietor applies for extension in prescribed manner. [Section11]

### **Rights in Lapsed Design, Which Has Been Restored**

A proprietor shall have no right to institute a suit or proceeding in respect of piracy of design or infringement of the copyright, which has been committed between the date on which the design ceased to have effect and the date of restoration of the design. [Section 14]

### **Remedies**

- It is submitted that as per Section 19 of the Designs Act, 2000, at any time during the subsistence of the Design registration, any person can seek cancellation of design registration by filing a Petition before the Controller, on the following grounds: [ra1]"...(a) that the design has been previously registered in India; or
- (b) that it has been published in India or in any other country prior to the date of registration; or
- (c) that the design is not a new or original design; or
- (d) that the design is not registerable under this Act; or
- (e) that it is not a design as defined under clause (d) of section 2..."

Further, an appeal against the order of the Controller can be made to the High Court.

### **Piracy of Registered Design**

Piracy of a design means the application of a design or its imitation to any article belonging to the class of articles in which the design has been registered for the purpose of sale or importation of such articles without the written consent of the registered proprietor. Publishing such articles or exposing them for sale with knowledge of the unauthorized application of the design to them also involves piracy of the Design.

The proprietor of the design gets exclusive right to apply the design to the article in a class in which the design is registered. During the existence of copyright over any design, other persons are prohibited from using the design except or with the permission of the proprietor, his licensee or assignee. The following activities are considered to be infringement:

- (i) to apply for the purpose of sale the design or any fraudulent imitation of it to any article in any class of articles in which the design is registered;
- (ii) to import for sale any article to which the design or fraudulent or obvious imitation of it, has been applied;
- (iii) to publish or to expose for sale knowing that the design or any fraudulent or obvious imitation of it has been applied to it. [Section22]

### **Penalties**

A registered proprietor can institute a suit for injunction as well as recovery of damages against any person engaged in piracy of the registered design. Such legal proceedings can be instituted from the date of registration and till the expiry of copyright. However, in case of reciprocity application, the registered proprietor can claim damages only from the actual date on which the design is registered in India.

If any person commits piracy of a registered design, as defined in Section 22, he shall be liable to pay for a payment of a sum not exceeding Rs.25,000/- recoverable as contract debt. However, the total sum recoverable in respect of any one design shall not exceed Rs.50,000/-.

The suit for injunction/damages shall not be instituted in any Court below the Court of District Judge. [Section 2(c), 11, 22.]

In a case between *Ampro Food Products v. Ashok Biscuit Works*, AIR 1973 AP 17, the appellant manufactured biscuits with AP embossed on them. The respondent also manufactured biscuits with identical design except that letters AB were embossed on them, in place of AP. The suit claimed injunction bringing a charge of piracy of design. Issuing a temporary injunction, the Court held that in such cases the defence cannot argue that the appellant's registered design was not new or original if no steps had been taken earlier seeking cancellation of the registration of the design.

In a case between *Hindustan Lever Ltd. V. Nirma Pvt. Ltd.*, AIR 1992 Bom 195, the plaintiff alleged infringement of its registered trade mark, passing off, and infringement of the copyrights in original artistic work and sought permanent injunction to restrain the defendant from using the impinged carton in relation to soaps or detergent powder.

The defence took the plea that the said label was in fact a design that could be registered under the Designs Act, and the fact that it was not so registered makes copyrights if any, under the copyright Act non-existent when the article to which the design has been applied was reproduced fifty times by industrial process. The Court ruled that a label to be put on a carton for the goods is not a design.

For a design to be called new or original there should be some original mental application involved. The novelty or originality of even a particular part of the article may be sufficient to call the design as a whole "novel or original", but this part must be a significant one and it must be potent enough to impart to the whole design a distinct identity. In the case of *M/s B Chawla & Sons v Bright Auto Industries*, where a mirror was claimed to be a new design, it was held that addition in the shape of a mirror which were available in the market did not constitute a new or original design. The court observed that addition of a curve here or there on a well-recognized shape of an article of common use in the market cannot make it an article of new or original design. Later on, in the case of *Pentel Kabushiki Kaisha & Anr. V. M/s Arora Stationers & Ors.* also, the court held that a mere superficial difference in the design will not make the article new or original. Further, the court held that mere novelty of form or shape is insufficient. Novelty involves the presence of a new element or new position of an old element, when compared with prior art. However, a combination of previously known designs may also be subject of design registration if the visual impact of the combination as a whole is new.

Another important requirement is that the design must be significantly distinguishable from known designs, or combination of designs. This means that the article cannot be registered merely because it is some what different, the difference must be significant. When the statute states that a design must be "novel or original", it really means that it must be "substantially novel or substantially original", with regard to the nature and character of the subject matter to which it is applied. However, what constitutes as "substantial novelty or substantial originality" is left to the interpretation of the designs office/courts. In the case of *Simmons v Mathieson & Cold*, the court held that "there must be a mental conception expressed in a physical form which has not existed before, but has originated in the constructive brain of its proprietor and that must not be in a trivial or infinitesimal degree, but in a substantial degree", and further the court held that novelty must be judged by the eye of an instructed person, i.e., the person must be aware of common trade knowledge and usage in the class of articles to which the design applies.

In one the case, *Cello Household Products v. M/S Modware India and Anr. & Ors.* which was filed by popular

'household products' production company 'Cello' against Modware India seeking an injunction for design infringement and passing off. The dispute was over the copying of design of the bottle name PURO launched by the plaintiff in the year 2016, the bottle was a two-toned color with certain specific phrases and words. The defendant launched a similar bottle called 'KUDOZ' in the following year for which they were sued by the plaintiff. Thus, here the subject matter is the infringement of the design of the bottle launched by Cello for which the company has invested ample money in the market for selling and marketing purposes.

The court on the basis of merits decided that the plaintiff was justified in filing the suit against the defendant as Modware India introduced a bottle which is deceptively similar to the bottle of Cello and denied defendant's contention of lack of jurisdiction of Bombay High court to decide the case following a grant of injunction and relief to be given by the defendants to the plaintiff as damages keeping the loss faced by the plaintiff as the base. Therefore, cello won the case.

In another case of M/S Crocs Inc. USA v. Liberty Shoes Ltd. & Ors., which was filed by crocs against numerous footwear companies has established the importance of design act and given a verdict against crocs on the basis of prior publication of design. The case was filed in the Delhi High Court and was taken up by Hon'ble Justice Valmiki J. Mehta. Crocs USA filed cases against shoe manufacturers alleging infringement of their design which is related to perforated and non-perforated shoe design. The plaintiff claimed the design as registered from 25.8.2003, the defendant contended that the design registration is subject to cancellation as it does not qualify under the category of 'new' or 'novel'.

The Delhi High Court held that the registered design of the plaintiff with respect to its footwear, does not have the necessary newness or originality for the same to be called a creation or innovation or an Intellectual Property Right. The Court accordingly observed that the registered design of the plaintiff is liable to be cancelled as per Section 19(1)(d) of the Act read with Section 4(a) of the Act. The Court in the case also awarded litigation costs as well present to costs incurred by them towards time and man hours spent by these defendants for conducting their defenses in the present suits. An appeal filed in the Supreme Court by the plaintiff was dismissed, upholding the orders of the Delhi High court in January, 2019.

### Assignment of Designs

Section 30 of the Design Act, 2000 read with Rules 32, 33, 34 and 35 of the Design Rules, 2001, recognizes the contracts relating to assignment of designs and provides procedure for the recordal thereof. Section 30(1) of the Design Act states that where a person becomes entitled by assignments, transmission or other operation of law to the copyright in a registered design, he may make application in the prescribed form to the Controller to register his title. Section 30(3) of the Design Act, 2000 makes it clear that for an assignment to be valid, it must be in writing and the agreement between the parties concerned has to be reduced to the form of an instrument embodying all the terms and conditions governing their rights and obligation, and the application for registration of title under such instrument is filed in the prescribed manner with the Controller within the stipulated time- that being within six months from the execution of the instrument. Section 30(4) of the Design Act, 2000 states that the absolute right to assign the design rights lie with the person registered as proprietor of the design.

The Copyright in the design is only protected if the same is statutorily recognized under the provisions of the Designs Act, 2000. Similarly, the rights acquired by third parties by way of assignments or licenses are only made effective if the same is duly registered in accordance with the provisions of the Act and the Rules framed there-under. There is no concept of common law license under design law.

**LESSON ROUNDUP**

- An industrial design is the ornamental or aesthetic aspect of an article. The design may consist of three-dimensional features, such as the shape or surface of an article, or of two-dimensional features, such as patterns, lines or colour.
- The Designs Act of 1911 is now replaced by the Designs Act, 2000. The new Act complies with the requirements to TRIPS and hence is directly relevant for international trade. Industrial Design law deals with the aesthetics or the original design of an industrial product.
- An industrial design to be protectable must be new and original. The total time of a registered design is 15 years. Initially the right is granted for a period of 10 years, which can be extended, by another 5 years.
- The important purpose of design Registration is to see that the artisan, creator, originator of a design having aesthetic look is not deprived of his bonafide reward by others applying it to their goods.
- A design is not eligible registration if it (a) is not new or original; or (b) has been disclosed to the public any where in India or in any other country by publication in tangible form or by use in any other way prior to the filing date, or where applicable, the priority date of the application for registration; or (c) is not significantly distinguishable from known designs or combination of known designs; or (d) comprise or contains scandalous or obscene matter.
- The registration of a Design may be cancelled at any time after the registration of the Design on a petition for cancellation in Form 8, along with the prescribed fee.
- A proprietor shall have no right to institute a suit or proceeding in respect of piracy of design or infringement copyright, which has been committed between the date on which the design ceased to have effect and the date of restoration of the design.
- Piracy of a Design means the application of a design or its imitation to any article belonging to the class of articles in which the design has been registered for the purpose of sale or importation of such articles without the written consent of the registered proprietor.
- A registered proprietor can institute a suit for injunction as well as recovery of damages against any person engaged in piracy of the registered design.

**SELF TEST QUESTIONS**

*(These are meant for recapitulation only. Answers to these questions are not required to be submitted for evaluation).*

1. What is a design under the Designs Act, 2000? What is the difference between copyright and design?
2. What is the object of registration of designs? What are the essential requirements for the registration of a design under the Designs Act, 2000?
3. What is the duration of design registration? Can it be extended?
4. Is registration compulsory for obtaining design protection? What designs are not eligible for registration under the Designs Act, 2000?
5. Enumerate the general procedure for registering a design?
6. What constitutes piracy of a registered design? What penalties have been provided for piracy of a registered design under the Designs Act, 2000?
6. What is not a Design as per provisions of Design Act?



# Lesson 14

## Geographical Indications

### LESSON OUTLINE

- Geographical Indications – Concept of Appellations of Origin
- Indication of Source and Geographical Indication
- International Conventions/Agreements
- The Geographical Indications of Goods (Registration and Protection) Act, 2000
- Procedure for Registration
- Duration of Protection and Renewal
- Effect of Registration
- Assignment and Transmission
- Offences and Penalties
- LESSON ROUNDUP
- SELF TEST QUESTIONS

### LEARNING OBJECTIVES

A geographical indication is a sign used on goods that have a specific geographical origin and possess qualities, reputation or characteristics that are essentially attributable to that place of origin. Most commonly, a geographical indication includes the name of the place of origin of the goods. Agricultural products typically have qualities that derive from their place of production and are influenced by specific local factors, such as climate and soil.

Geographical indications are protected in accordance with international treaties and national laws. Under the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), there is no obligation for other countries to extend reciprocal protection unless a geographical indication is protected in the country of its origin. India, as a member of the World Trade Organization (WTO), enacted the Geographical Indications of Goods (Registration & Protection) Act, 1999.

It is important for the students to know the legal position relating to geographical indications of goods in India; why do geographical indications need protection and how geographical indications are protected; who are entitled for registration; which of the geographical indications cannot be registered; and when is a registered geographical indication said to be infringed etc.

## INTRODUCTION

A product's quality, reputation or other characteristics can be determined by where it comes from. Geographical indications (GIs) are place names (in some countries also words associated with a place) used to identify products that come from these places and have these characteristics (for example, "Champagne", 'Scotch whisky' "Tequila" or "Roquefort").

Geographical indications serve to recognize the essential role geographic and climatic factors and/or human know-how can play in the end quality of a product. Like trademarks or commercial names GIs are also IPRs, which are used to identify products and to develop their reputation and goodwill in the market. The Agreement on Trade Related Aspects of Intellectual Property (TRIPS), prescribes minimum standards of protection of GIs and additional protection for wines and spirits. Articles 22 to 24 of Part II Section III of the TRIPS prescribe minimum standards of protection to the geographical indications that WTO members must provide. Moreover, TRIPS leaves it up to the Member countries to determine the appropriate method of implementing the provisions of the Agreement (including the provisions on GIs) within their own legal framework (Article 1.1).

Notably, under the Agreement on Trade Related Aspects of Intellectual Property (TRIPS), countries are under no obligation to extend protection to a particular geographical indication unless that geographical indication is protected in the country of its origin. India did not have such a specific law governing geographical indications of goods which could adequately protect the interest of producers of such goods. This resulted into controversial cases like turmeric, neem and basmati. In the case of turmeric, in March 1995, a US Patent was granted to two NRIs at the University of Mississippi Medical Centre Jackson, for turmeric to be used as wound healing agent. This patent was challenged by CSIR at the USPTO on the ground of "Prior Art" claiming that turmeric has been used for thousand years for healing wounds and rashes and hence this was not a new invention. Even CSIR presented an ancient Sanskrit text and a paper published in 1953 in the Journal of the Indian Medical Association as documentary evidence. Upholding the objections, the US patent office cancelled the Patent.

In the case of neem, patents were granted to the US Company WR Grace & Co. for extraction and storage processes. The Indian Government filed a complaint with the US Patent Office accusing WR Grace of copying an Indian Invention but later on they realized that the US based company had in fact created a new invention for the neem extraction process and the patent was not based on traditional knowledge and hence government withdrew its complaint.

The third case which triggered a lot of controversy was granting of a US-patent to Texas based Rice Tec Inc who claimed that this invention pertains to a novel breed of rice plants and grains. The USPTO granted the patent on 'Basmati Rice Lines and Grains' in September 1997 after three years examination and accepted all the 20 claims put forward by them. India challenged the patent. A team of agricultural scientists screened several research papers, reports and proceedings of seminars, conferences, symposia, journals, news papers and archives for relevant supporting information to establish the existence of prior art in this area in India. The documentary evidences against the claim Nos. 15, 16 and 17 of the company for novelty were so strong that Rice Tec had to withdraw these claims. The company further withdrew 11 claims. Thus only five of the Rice Tec's original 20 claims survived the Indian challenges. The patent granted simply gives three hybrid varieties Bas 867, RT 1117 and RT 1121. The new rice has nothing to do with basmati. Importantly, none of the claims granted by the patent pertain to basmati rice as a generic category. Also, the Rice Tec. application was for a patent and not for basmati as a trade mark, so there is no question of Rice Tec getting exclusive rights to use the term basmati. The patent granted, therefore, neither prevents Indian Basmati from being exported to the US nor puts it at a disadvantage in the market.

It may be pointed out here that under US patent laws a patent can not be challenged until after it has been



granted, unlike in India where notice is given inviting objections to the patent before it is granted. Therefore, India could challenge the patent only after it was granted.

To prevent such unfair exploitation, it became necessary to have a comprehensive legislation for registration and for providing adequate legal protection to geographical indications. Accordingly the Parliament enacted a legislation titled the Geographical Indications of Goods (Registration and Protection) Act, 1999 which came into force with effect from 15th September 2003. The present geographical indications regime in India is governed by the Geographical Indications of Goods (Registration & Protection) Act, 1999 and the Geographical Indication of Goods (Regulation and Protection) Rules, 2002.

India has enacted the Geographical Indications of Goods (Registration and Protection) Act, 1999 (the GIG Act). The GIG Act provides for registration and better protection of geographical indications relating to goods to help identify the place of origin of goods, quality, reputation and other distinctive characteristics of these goods. The GIG Act now helps in protecting unique

Indian products linked to some geographical region of India, such as Basmati Rice, Darjeeling Tea, Alphonso Mangoes, Malabar Pepper, Cardamom and Hyderabad Grapes, which are all well known in the international market. For many years, these products have been exported on a regular basis, demonstrating India's reputation of high quality of these products and, therefore, require such protection. Under the GIG Act, assignment of geographical indications is prohibited, being public property. The GIG Act also lays down provisions for infringement actions. The GIG Act helps prevent geographical indications of goods becoming generic which may otherwise lead to a loss of distinctiveness and consequently loss of protection.

The Object of the Geographical Indications of Goods (Registration and Protection) Act, 1999 is three fold, firstly by specific law governing the geographical indications of goods in the country which could adequately protect the interest of producers of such goods, secondly, to exclude unauthorized persons from misusing geographical indications and to protect consumers from deception and thirdly, to promote goods bearing Indian geographical indications in the export market.

This Act is administered through the Geographical Indications Registry established in Chennai under the overall charge of the Controller General of Patents, Designs and Trade Marks. Appeal against the Registrar's decision would be to the Intellectual Property Appellate Board established under the Trade Marks legislation.

Some commodities that have been recently granted the status of a Geographical Indication by the Government of India include Gir Kesar Mango, Bhalia wheat, Kinhal Toys, Nashik Valley wine, Monsoon Malabar Arabica Coffee, Malabar Pepper, Alleppy Green Cardamom and Nilgiris Orthodox Tea. Other examples include Darjeeling Tea, Mysore Silk, Paithani Sarees, Kota Masuria, Kolhapuri Chappals, Bikaneri Bhujia and Agra Petha.

## SALIENT FEATURES

The salient features of Geographical Indications of Goods (Registration & Protection) Act, 1999 are as under:

- (a) Definitions and interpretations of several important terms like "geographical indication", "goods", "producers", "packages", "registered proprietor", "authorized user" etc.
- (b) Provision for the maintenance of a Register of Geographical Indications in two parts-Part A and Part B and use of computers etc. for maintenance of such Register. While Part A will contain all registered geographical indications, Part B will contain particulars of registered authorized users.
- (c) Registration of geographical indications of goods in specified classes.
- (d) Prohibition of registration of certain geographical indications.

- (e) Provisions for framing of rules by Central Government for filing of application, its contents and matters relating to substantive examination of geographical indication applications.
- (f) Compulsory advertisement of all accepted geographical indication applications and for inviting objections.
- (g) Registration of authorized users of registered geographical indications and providing provisions for taking infringement action either by a registered proprietor or an authorized user.
- (h) Provisions for higher level of protection for notified goods.
- (i) Prohibition of assignment etc. of a geographical indication as it is public property.
- (j) Prohibition of registration of geographical indication as a trademark.
- (k) Appeal against Registrar's decision would be to the Intellectual Property Appellate Board established under the Trade Mark legislation.
- (l) Provision relating to offences and penalties.
- (m) Provision detailing the effects of registration and the rights conferred by registration.
- (n) Provision for reciprocity powers of the registrar, maintenance of Index, protection of homonymous geographical indications etc.

## Definitions

Section 2 of the Act defines the terms used in the Act. The definition of some notable terms is given below:

### Authorised User

"Authorised user" means the authorised user of a geographical indication registered under Section 17. [Section 2(1) (b)]

Any person claiming to be a producer of the goods in respect of which a geographical indication has been registered may apply for registration as an authorized user.

### Geographical Indication

"Geographical indication" in relation to goods means an indication which identifies such goods as agricultural goods, natural goods or manufactured goods as originating, or manufactured in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristic of such goods is essentially attributable to its geographical origin and in case where such goods are manufactured goods one of the activities of either the production or of processing or preparation of the goods concerned takes place in such territory, region or locality, as the case may be.

It may be noted that any name which is not the name of a country, region or locality of that country shall also be considered as the geographical indication if it relates to a specific geographical area and is used upon or in relation to particular goods originating from that country, region or locality, as the case may be. [Section 2(1) (e)]

### Goods

"Goods" mean any agricultural, natural or manufactured goods or any goods of handicraft or of industry and includes food stuff. [Section 2(f)]

**Indication**

“Indication” includes any name, geographical or figurative representation or any combination of them conveying or suggesting the geographical origin of goods to which it applies. [Section 2(1) (g)]

**Producer**

“Producer” in relation to goods, means any person who,-

- (i) if such goods are agricultural goods, produces the goods and includes the person who processes or packages such goods;
- (ii) if such goods are natural goods, exploits the goods;
- (iii) if such goods are handicraft or industrial goods, makes or manufactures the goods,
- (iv) and includes any person who trades or deals in such production, exploitation, making or manufacturing, as the case may be, of the goods. [Section 2(1)(k)]

**Registrar**

“Registrar” means the Registrar of Geographical Indications referred to in Section 3. [Section 2(1)(o)]

Under Section 3 of the Act Registrar of Geographical Indications is the Controller General of Patents, Designs and Trade Marks appointed under sub-section (1) of Section 3 of the Trade Marks Act, 1999.

**Registration of Geographical Indications**

Section 8 of the Act provides that a geographical indication may be registered in respect of any or all of the goods, comprised in such class of goods as may be classified by the Registrar and in respect of a definite territory of a country, or a region or locality in that territory, as the case may be.

The Registrar may also classify the goods under in accordance with the International classification of goods for the purposes of registration of geographical indications and publish in the prescribed manner in an alphabetical index of classification of goods.

Any question arising as to the class within which any goods fall or the definite area in respect of which the geographical indication is to be registered or where any goods are not specified in the alphabetical index of goods published shall be determined by the Registrar whose decision in the matter shall be final.

**Who are Entitled for Registration?**

As per Section 11 any association of persons or producers or any organisation or authority established by or under any law representing the interest of the producers of the concerned goods can apply for the registration of a geographical indication.

The Applicant has to be a legal entity and should be representing the interest of producers of the goods applied for. Any such organisation or association being not that of the producers may have to prove that they represent the interest of producers. Any Applicant Authority also has to prove that they represent the interest of producers.

An application for registration of a geographical indication is to be made in writing, along with the prescribed fees (as specified under First Schedule), and should be addressed to the Registrar of Geographical Indications. [Rule 12 &, 13]

Jurisdiction: The Geographical Indication Registry is situated at Geographical Indications Registry, Intellectual

Property Office Building, G.S.T. Road, Guindy, Chennai – 600032 having all-India Jurisdiction. Application or any other document may be filed directly in the GI Registry, Chennai, or may be sent by post or registered post or speed post or courier services.

### Filing of Application

- (i) An Indian application for the registration of a geographical indication can be made in triplicate in Form GI – 1(A) for single class and in GI – 1 (C) for multiple classes.
- (ii) A Convention Application shall be made in triplicate in Form GI–1(B) for single class and in GI–1(D) for multiple classes.
- (iii) Power of Attorney, if required.
- (iv) An Application shall be signed by the applicant or his agent.

### Contents of Application

The application should include the requirements and criteria for processing a GI application as specified below:

- A statement as to how the geographical indication serves to designate the goods as originating from the concerned territory of the country or region;
- The class of goods;
- geographical map of the territory or locality in which goods are produced;
- The particulars of appearance of the geographical indication;
- Particulars of producers;
- An affidavit of how the applicant claims to represent the interest in the GI;
- The standards benchmark for the use or other characteristics of the GI;
- The particulars of special characteristics;
- Textual description of the proposed boundary;
- The growth attributes in relation to the GI pertinent to the application;
- Three certified copies of the map of the territory, region or locality;
- Particulars of special human skill involved, if any;
- Full name and address of the association of persons or organization;
- Number of producers;and
- Particulars of inspection structures, if any, to regulate the use of the GI. [Rule32].

On receipt of the application, a number is allotted. Thereafter, the examiner scrutinizes the application to check whether it meets the requirements of the GI Act and the Rules. Deficiencies if any found through a preliminary examination would be communicated by the Examiner to the Applicant. The deficiencies need to be complied within the time limit mentioned in the communication. [Rule31]

Upon compliance of the deficiencies, the Registrar shall ordinarily constitute a Consultative Group of experts (not more than seven representatives) to ascertain the correctness of the particulars furnished in the Statement of Case. The Consultative Group is chaired by the Registrar of Geographical Indications.[Rule33]

After issuance of the Examination Report, submissions of the applicant would be considered. If no further objection is raised, the application would be accepted and published (within three months of acceptance) in the Geographical Indications Journal. [Rule, 34&38]

After advertisement of a Geographical Indication in the Geographical Indications Journal, any person may within three months oppose the registration of an application for GI. This period may be extended by a period, not exceeding one month, by making an application to the Registrar along with the prescribed fee. Such an application for extension shall be filed before the expiry of the period of three months. The Notice of Opposition shall be filed only before the Registrar of Geographical Indications at Chennai. [Section 14, Form GI-2]

The following geographical indications are prohibited from registration under section 9 of the act:

A geographical indication

1. the use of which would be likely to deceive or cause confusion;
2. the use of which would be contrary to any law for the time being in force ;
3. which comprises or contains scandalous or obscene matter;
4. which comprises or contains any matter likely to hurt the religious susceptibilities of any class or citizens of India.
5. which would be disentitled to protection to protection in the court of law.
6. which are determined to be generic names or indications of goods and are, therefore, not or ceased to be protected in their country of origin, or which have fallen into disuse in that country;
7. which, although literally true as to the territory, region or locality in which the goods originate, but falsely represent to the persons that the goods originate, but falsely represent to the persons that the goods originate in another territory, region or locality, as the case may be, shall not be registered as a geographical indication.

Section 18 of the act provides that the registration of a geographical indication shall be for a period of 10 years and shall be renewed for a period of another 10 years on an application made in the prescribed manner and within the prescribed period and subject to the payment of the prescribed fees.

## **Registration**

If no opposition is filed within the period specified or where an opposition is filed and it is dismissed and the appeal period is over, the Registrar registers the geographical indication in Part A of the Register unless the Central Government otherwise directs.

On the registration of a geographical indication, the Registrar shall issue each to the applicant and the authorised users, if registered with the geographical indication, a certificate sealed with the seal of the Geographical Indications Registry. The date of filing of the application shall be deemed to be the date of registration.

It may be noted that where registration of a geographical indication is not completed within twelve months from the date of the application by reason of default on the part of the applicant, the Registrar may, after giving notice to the applicant in the prescribed manner treat the application as abandoned unless it is completed within the time specified in that behalf in the notice. [Section 16]

## **Duration of Registration**

According to Section 18, a registered geographical indication shall be valid for 10 years and can be renewed

from time to time on payment of renewal fee.

Any person aggrieved by an order or decision of the Registrar may prefer an appeal to the intellectual property appellate board (IPAB) within three months. [Section 31]

### Benefits of Registration

Geographical Indications registration gives to the registered proprietor and its authorised users, the legal right to the exclusive use of the GI and also the right to obtain relief in case of its infringement. Exclusion of unauthorized persons from misusing GI would ensure that genuine products of the rightful producers are marketed.

### Prohibition of Registration of Certain Geographical Indications

For registrability, the GI must fall within the scope of the definition of the expression “geographical indication” as given under Section 2 (1) (e) of GI Act. In addition, such a GI should not fall within the purview of prohibitions contained in Section 9 which are as follows:

- (a) the use of which would be likely to deceive or cause confusion; or
- (b) the use of which would be contrary to any law for the time being in force; or
- (c) which comprises or contains scandalous or obscene matter; or
- (d) which comprises or contains any matter likely to hurt the religious susceptibilities of any class or section of the citizens of India; or
- (e) which would otherwise be disentitled to protection in a court; or
- (f) which are determined to be generic names or indications of goods and are, therefore, not or ceased to be protected in their country of origin, or which have fallen into disuse in that country; or
- (g) which, although literally true as to the territory, region or locality in which the goods originate, but falsely represent to the persons that the goods originate in another territory, region or locality, as the case maybe;

shall not be registered as a geographical indication.

It may be noted that “generic names or indications”, in relation to goods, means the name of a goods which, although relates to the place or the region where the goods was originally produced or manufactured has lost its original meaning and has become the common name of such goods and serves as a designation for or indication of the kind, nature, type or other property or characteristic of the goods.

However, in determining whether the name has become generic, account shall be taken of all factors including the existing situation in the region or place in which the name originates and the area of consumption of the goods.

### Rights of Action Against Passing-Off

The GI Act in India specifies that nothing in this Act “shall” be deemed to affect rights of action against any person for passing off goods as the goods of another person or the remedies in respect thereof. In its simplest form, the principle of passing-off states that no one is entitled to pass-off his/her goods as those of another. The principal purpose of an action against passing off is therefore, to protect the name, reputation and goodwill of traders or producers against any unfair attempt to free ride on them. Though, India, like many other common law countries, does not have a statute specifically dealing with unfair competition, most of such acts of unfair competition can be prevented by way of action against passing-off. Notably, Article 24.3 of TRIPS clearly states

that in implementing the TRIPS provisions on GIs, a Member is not required to diminish the protection of GIs that existed in that Member immediately prior to the date of entry. This flexibility has been utilised by India in the GI Act (Section 20(2)) in maintaining the right of action against passing-off, which has been a part of the common law tradition of India, even prior to the advent of the TRIPS Agreement.

Any lawsuit relating to infringement of a registered GI or for passing of an unregistered GI has to be instituted in a district court having jurisdiction to try the suit. No suit shall be instituted in any court inferior to a district court [Section 66 of the Geographical Indications of Goods (Registration and Protection) Act, 1999].

### Offences & Penalties

Chapter VIII of the Act details certain acts as offences punishable by imprisonment or with fine or with both. The legislature has taken a strong view of infringement, piracy, falsification, misrepresentation and has now made them penal offences. The chapter apart from listing penalties for the above-mentioned offences also details the penalty and procedure of prosecution.

The following are the acts deemed as offences:

In the context of offences, what constitutes the meaning of “applying geographical indication has been dealt with in Section 37 and the expression geographical indication has been defined in Section 2 (1) (e).

Section 38 list two kinds of offences namely:-

- (a) falsifying a GI
- (b) falsely applying a GI.
  - The penalty for falsification of GIs and the circumstances in which a person applies false GI are enumerated in Section 39.
  - Selling goods to which false GI is applied as outlined in Section 40.
  - Enhanced Penalty for subsequent convictions for the offences of falsifying, falsification of GIs or selling goods with false GIs.
  - Falsely representing a GI as registered as listed in Section 42. Misrepresenting the GI as Registered, which has not been actually registered is an offence.
  - Improperly describing a place of business as connected with the GIs Registry as listed in Section 43.
  - Falsification of entries in the Register as listed in Section 44.
  - No offence in certain cases as provided under Section 45.
  - Exemption of certain persons employed in ordinary course of business as provided under Section 46.
  - Procedure where invalidity of registration is pleaded by the accused as provided in Section 18.

### Cognizance of Certain Offences – Search & Seizure

Under Section 50(2) it has been clearly stated that no court inferior to that of a Metropolitan Magistrate or judicial Magistrate of first class shall try an offence under this Act.

Sub-section (3) lays down that the offences stated under Sections 39, 40 and 41 shall be cognizable. Section 39 provides penalty for applying false geographical indications; Section 40 provides penalty for selling goods



to which false geographical indication is applied; and Section 41 stipulates enhanced penalty on second or subsequent conviction respectively.

Sub-section (4) enacts that a police officer not below the rank of Deputy Superintendent of Police or equivalent, if he is satisfied that a cognizable offence has been committed or is likely to be committed, may search and seize- without warrant- the goods, die, block, machine, parts, plates, or other instruments or things involved in the commission of the offence, and whenever found shall be produced before the magistrate at the earliest.

However, the proviso to sub section (4) clearly mandates that the police officer before making any search and seizure shall obtain the opinion of the Registrar on the facts involved in the offence relating to the GI and shall abide by the opinion of the Registrar.

In addition to the above, the Registered Proprietor or Authorized User can obtain relief in respect of infringement of the Geographical Indications in the manner provided by this Act.

### **Offences by Companies**

As per Section 49 when an Offence is committed by a Company, the Company as well as person responsible in the company for conducting the business of the Company shall be liable and punished accordingly.

### **Case study – Darjeeling Tea**

Tea is India's oldest industry in the organized manufacturing sector and has retained its position as the single largest employer in this sector. Around 30 per cent of the world's tea is produced in the country. India is also the world's largest consumer of tea. However, on the export front India is facing huge competition from other key tea producing countries, such as Kenya, Sri Lanka and China. Darjeeling' tea is a premium quality tea produced in the hilly regions of the Darjeeling district West Bengal. Among the teas grown in India, Darjeeling tea offers distinctive characteristics of quality and flavour, and also a global reputation for more than a century. Broadly speaking there are two factors which have contributed to such an exceptional and distinctive taste, namely geographical origin and processing. The tea gardens are located at elevations of over 2000 meters above sea level.

### **History**

The history of Darjeeling tea dates back to the 1840's, when India was a British colony. Before the arrival of the British, the forests of the region were known as Darjeeling today was inhabited by the Lepcha tribes. In 1828, while visiting this region located in the backdrop of the snow-clad Himalayan range, a young British called Captain Lloyd discovered the possibility of converting the region into a hill station or a sanitarium. In 1839, Darjeeling was handed over to Dr. A. Campbell, a civil surgeon, who got transferred from Kathmandu to Darjeeling to become the first Superintendent of the Darjeeling district, a position which he held for the next twenty two years. In 1841, Dr. Campbell brought the seeds of China variety of tea from Kumaon hills of North India and planted them near his residence in his Beech wood garden in Darjeeling, 2134 meters above the mean sea level. Seeing the success of Dr. Campbell's experimental tea nursery, the British Government decided to put out tea nurseries in the region in the year 1847. Even after the Indian independence from British rule in 1947, the British ownership continued in many tea gardens of Darjeeling. By the end of the 1970's, most of the tea gardens of Darjeeling were in the hands of Indian owners.

The major portion of the annual production of Darjeeling tea is exported, the key buyers being Japan, Russia, the United States, and the United Kingdom and other European Union (EU) countries such as France, Germany and the Netherlands. In order to ensure the supply of genuine Darjeeling tea in February 2000, a compulsory system of certifying the authenticity of exported Darjeeling tea was incorporated into the Indian Tea Act of 1953.

The system makes it compulsory for all the dealers in Darjeeling tea to enter into a license agreement with the Tea Board of India on payment of an annual license fee.

### Why Protect “Darjeeling Tea” as Geographical Indication

An adequate legal protection is necessary for the protection of legitimate right holders of Darjeeling tea from the dishonest business practices of various commercial entities. For instance, tea produced in countries like Kenya, Sri Lanka or even Nepal has often been passed off around the world as ‘Darjeeling tea’. Appropriate legal protection of this GI can go a long way in preventing such misuse. Without adequate GI protection both in the domestic and international arena it would be difficult to prevent the misuse of Darjeeling Tea’s reputation, wherein tea produced elsewhere would also be sold under the Darjeeling brand, causing damage to consumers and denying the premium price to Darjeeling tea industry. The industry is now waking up to the fact that unless Darjeeling Tea is properly marketed and branded, the survival of the industry may be at stake and GI protection along with stringent enforcement can go a long way in helping the industry to improve its financial situation.

### Evolution of Legal Protection

The first attempt on the part of the Tea Board of India towards protection of the ‘Darjeeling’ brand was undertaken way back in 1983, when the ‘Darjeeling’ logo was created. The Tea Board obtained home protection for the Darjeeling logo as a certification trade mark under the Indian Trade and Merchandise Marks Act 1958 (now the Trade Marks Act, 1999). The registration was granted in class 30 in the name of the Tea Board in 1986. In the same year, the logo was registered as a trademark in several other countries [Refer Annexure A] like the UK, the USA, Canada, Japan, Egypt, and under the Madrid Agreement covering Germany, Austria, Spain, France, Portugal, Italy, Switzerland and former Yugoslavia. In the absence of a separate law dedicated exclusively to GI’s in India during that time, the word ‘Darjeeling’ was also registered under the Trade and Merchandise Marks Act 1958 in class 30 in the name of Tea Board in 1998. When the Geographical Indication Act in India was enacted in September 2003, the Tea Board applied for GI protection of ‘Darjeeling’ in October 2003. In October 2004, Darjeeling was granted the GI status in India to become the first application to be registered in India as a GI.

### LESSON ROUND UP

- A geographical indication points to a specific place, or region of production, that determines the characteristic qualities of the product which originates from that place. It is important that the product derives its qualities and reputation from that place. Like trade marks or commercial names, geographical indications are also IPRs, which are used to identify products and to develop their reputation and goodwill in the market.
- TRIPS Agreement prescribes minimum standards of protection to the geographical indications that WTO members must provide. Notably, under the Agreement on Trade Related Aspects of Intellectual Property (TRIPS), countries are under no obligation to extend protection to a particular geographical indication unless that geographical indication is protected in the country of its origin.
- India did not have a specific law governing geographical indications of goods which could adequately protect the interest of producers of such goods. This resulted into controversial cases like turmeric, neem and basmati.
- To prevent such unfair exploitation, it became necessary to have a comprehensive legislation for registration and for providing adequate legal protection to geographical indications. Accordingly the Parliament enacted a legislation titled the Geographical Indications of Goods (Registration and

Protection) Act, 1999.

- The legislation is administered through the Geographical Indication Registry under the overall charge of the Controller General of Patents, Designs and Trade Marks.
- “Geographical indication” in relation to goods under the Act means an indication which identifies such goods as agricultural goods, natural goods or manufactured goods as originating, or manufactured in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristic of such goods is essentially attributable to its geographical origin and in case where such goods are manufactured goods one of the activities of either the production or of processing or preparation of the goods concerned takes place in such territory, region or locality, as the case maybe.
- Any person claiming to be a producer of the goods in respect of which a geographical indication has been registered may apply for registration as an authorized user. “Authorised user” means the authorised user of a geographical indication registered under Section 17.
- Geographical indication may be registered in respect of any or all of the goods, comprised in such class of goods as may be classified by a region or locality in that territory, as the case maybe.
- Any association of persons or producers or any organisation or authority established by or under any law representing the interest of the producers of the concerned goods can apply for the registration of a geographical indication.
- A registered geographical indication shall be valid for 10 years and can be renewed from time to time on payment of renewal fee. The Act places prohibition on registration of certain geographical indications.
- The legislature has taken a strong view of infringement, piracy, falsification, misrepresentation of geographical indications and has now made them penal offences.

### SELF TEST QUESTIONS

*(These are meant for recapitulation only. Answers to these questions are not required to be submitted for evaluation).*

1. What is a geographical indication? How is a geographical indication different from a trade mark? List out the examples of possible Indian Geographical Indications?
2. What is the legal position relating to geographical indications of goods in India?
3. Who can apply for the registration of a geographical indication? What is the benefit of registration of geographical indications? Who is a registered proprietor of a geographical indication?
4. Discuss the procedure for registration of geographical indications?
5. When is a registered geographical indication said to be infringed? Who can initiate an infringement action?
6. Is registration of a geographical indication compulsory and how does it help the applicant? How long the registration of geographical indication is valid?
7. List the matters prohibited for Registration under Geographical Indication Act? Also mention the Section under which prohibited matters are covered.
8. Mention the essential contents of GI application.
9. Can GI Registration be done in the name of individual producer? Explain.

[illegible]



# Lesson 15

## Layout - Designs of Integrated Circuits

### LESSON OUTLINE

- The Semiconductor Integrated Circuits
- Layout-Design Act, 2000
- Conditions and Procedure for Registration
- Duration and
- Effect of Registration
- Assignment and Transmission.
- SELF-TEST QUESTIONS
- LESSON ROUND UP

### LEARNING OBJECTIVES

In modern technology, integrated circuits are essential elements for a wide range of electrical products, including articles of everyday use, such as watches, television sets, washing machines, and cars, as well as sophisticated computers, smart phones, and other digital devices.

With the advancement of this information technology, a new branch in the field of intellectual property flourished, called as the Layout-Design or the of the semiconductor integrated circuits. Hence, a step was taken by various organizations to pass regulations regarding this issue. One such was the World Trade Organization, and the result was the TRIPS agreement addressing the intellectual property related issues. India being a signatory of the WTO also passed an Act in conformity with the TRIPS agreement called the Semiconductor Integrated Circuits Layout-Design Act (SICLDA) passed in the year 2000. Considering the significance of semiconductors as a novel branch of intellectual property, this chapters aims at discussing the concept of Layout-Designs of Integrated Circuits along with the major provisions of Semiconductor Integrated Circuits Layout-Design Act, 2000.

## INTRODUCTION

Layout Designs (topographies) of Integrated Circuits is a subject in the field of protection of Intellectual Property. Integrated circuits which are commonly known as ‘chips’ or ‘micro-chips’ are the electronic circuits in which all the components (transistors, diodes and resistors) have been assembled in a certain order on the surface of a thin semiconductor material (usually silicon).

In the modern day technology, Integrated Circuits are an essential element for a wide range of electrical products, including articles of everyday use, such as, watches, television sets, washing machines, and cars, as well as sophisticated computers, smart phones, and other digital devices. Developing innovative layout designs of Integrated Circuits is essential for the production of ever-smaller digital devices with more functions.

While the creation of a new layout-design is usually the result of an enormous investment, both in financial terms and in terms of the time required from highly qualified experts, the copying of such a layout-design may cost only a fraction of the original investment. In order to prevent unauthorized copying of layout designs and to provide incentives for investing in this field, the layout design (topography) of integrated circuits is protected under a sui generis intellectual property system.<sup>1</sup>

In many developed nations, including United States, intellectual property law, a “mask work” is a two or three-dimensional layout or topography of an integrated circuit (IC or “chip”), *i.e.*, the arrangement on a chip of semiconductor devices such as transistors and passive electronic components such as resistors and interconnections. The layout is called a mask work because, in photolithographic processes, the multiple etched layers within actual ICs are each created using a mask, called the photo mask, to permit or block the light at specific locations, sometimes for hundreds of chips on a wafer simultaneously.

Because of the functional nature of the mask geometry, the designs cannot be effectively protected under copyright law (except perhaps as decorative art). Similarly, because individual lithographic mask works are not clearly protectable subject matter, they also cannot be effectively protected under patent law, although any processes implemented in the work may be patentable. So since the 1990s, many national governments have been granting copyright-like exclusive rights conferring time-limited exclusivity to reproduction of a particular layout. Term of Integrated Circuit rights are usually shorter than copyrights applicable on pictures.

### Layout – Designs of Integrated Circuits: International Law

A diplomatic conference was held at Washington, D.C., in 1989, which adopted a Treaty on Intellectual Property in Respect of Integrated Circuits, also called the Washington Treaty or IPIC Treaty. The Treaty, signed at Washington on May 26, 1989, is open to States Members of WIPO or the United Nations and to inter-governmental organizations meeting certain criteria.

The Treaty has been incorporated by reference into the TRIPS Agreement of the World Trade Organization (WTO), subject to the following modifications: the term of protection is at least 10 (rather than eight) years from the date of filing an application or of the first commercial exploitation in the world, but Members may provide a term of protection of 15 years from the creation of the layout-design; the exclusive right of the right-holder extends also to articles incorporating integrated circuits in which a protected layout-design is incorporated, in so far as it continues to contain an unlawfully reproduced layout-design; the circumstances in which layout-designs may be used without the consent of right-holders are more restricted; certain acts engaged in unknowingly will not constitute infringement.

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1. See, *Patent Expert Issues: Layout Design (Topographies) of Integrated Circuits*, World Intellectual Property Organization.



The IPIC Treaty is currently not in force, but was partially integrated into the TRIPS agreement.

**Article 35 of TRIPS in Relation to the IPIC Treaty states:**

Members agree to provide protection to the layout-designs (topographies) of integrated circuits (referred to in this Agreement as “layout-designs”) in accordance with Articles 2 through 7 (other than paragraph 3 of Article 6), Article 12 and paragraph 3 of Article 16 of the Treaty on Intellectual Property in Respect of Integrated Circuits and, in addition, to comply with the following provisions.

**Article 2 of the IPIC Treaty gives the following definitions:**

- ‘integrated circuit’ means a product, in its final form or an intermediate form, in which the elements, at least one of which is an active element, and some or all of the inter-connections are integrally formed in and/or on a piece of material and which is intended to perform an electronic function,
- ‘layout-design (topography)’ means the three-dimensional disposition, however expressed, of the elements, at least one of which is an active element, and of some or all of the interconnections of an integrated circuit, or such a three-dimensional disposition prepared for an integrated circuit intended for manufacture...

Under the IPIC Treaty, each Contracting Party is obliged to secure, throughout its territory, exclusive rights in layout-designs (topographies) of integrated circuits, whether or not the integrated circuit concerned is incorporated in an article. Such obligation applies to layout-designs that are original in the sense that they are the result of their creators’ own intellectual effort and are not commonplace among creators of layout designs and manufacturers of integrated circuits at the time of their creation.

The Contracting Parties must, as a minimum, consider the following acts to be unlawful if performed without the authorization of the holder of the right: the reproduction of the lay-out design, and the importation, sale or other distribution for commercial purposes of the layout-design or an integrated circuit in which the layout- design is incorporated. However, certain acts may be freely performed for private purposes or for the sole purpose of evaluation, analysis, research or teaching.

### **The Semiconductor Integrated Circuits Layout-Design Act, 2000**

In compliance with the TRIPS Agreement, India has enacted the Semiconductor Integrated Circuits Layout-Designs Act, 2000 in order to provide protection to layout designs of integrated circuits. The Act defines “Layout Design” to mean a layout of transistors and other circuitry elements and includes lead wires connecting such elements and expressed in any manner in a semiconductor integrated circuit. Under the (Indian) Semiconductor for Integrated Circuits Layout-Designs Act, 2000, a Semiconductor Integrated Circuit has been defined as a product having transistors and other circuitry elements which are inseparably formed on a semiconductor material or an insulating material or inside the semiconductor material and designed to perform an electronic circuitry function.

### **Conditions and Procedure for Registration**

#### **Acceptance of Application**

Any person who wants to register his layout-design is required to apply in writing to the Registrar Semiconductor Integrated Circuits Layout-Design Registry in the concerned territorial jurisdiction, as per the procedure prescribed in the SICLD Act, 2000.

The Registrar after scrutiny may refuse the application or may accept it absolutely or with amendments or

modifications, as he may consider necessary.

### **Prohibition of Registration of Certain Layout-Designs**

The SICLD Act, 2000 prohibits the registration of certain Layout designs. Layout design which is not original is prohibited. Similarly, the registration of layout design which has been commercially exploited anywhere in India or a convention country has been prohibited. Layout design which is not inherently distinctive or which is not inherently capable of being distinguishable from any other registered layout-design also cannot be registered. The Act, however, provides that a layout-design which has been commercially exploited for not more than two years from the date on which an application for its registration has been filed either in India or a convention country shall be considered as not having been commercially exploited.

According to SICLD Act, 2000, layout-design is to be considered as original if it is the result of its creator's intellectual efforts and is not commonly known to the creators of layout-designs and manufacturers of semiconductor integrated circuits at the time of its creation. The Act further provides that a layout-design consisting of such combination of elements and interconnections that are commonly known among creators of layout-designs and manufacturers of semiconductor integrated circuits shall be considered as original if such combination taken as a whole is the result of its creator's intellectual efforts. Furthermore, this Act provides that where an original layout-design has been created in execution of a commission or a contract of employment, the right of registration to such layout-design shall belong, in the absence of any contractual provision to the contrary, to the person who commissioned the work or to the employer.

### **Withdrawal of Acceptance**

As per provisions of SICLD Act, 2000, the Registrar has the power to withdraw the acceptance of an application for registration (before registration of layout design) if it comes to his knowledge that the layout-design is prohibited of registration under the provisions of this Act. The Registrar may however, provide the opportunity of being heard to the applicant if he so desires, before the withdrawal of the acceptance.

### **Advertisement of Application**

According to SICLD Act, 2000, when an application for registration of a layout-design has been accepted, the Registrar is bound to advertise the accepted application within fourteen days after the date of acceptance. After the advertisement, the Registrar has the discretion to advertise the application again if the application has been corrected or is permitted to be amended under the Act and notify in the prescribed manner the correction or amendment made.

### **Opposition to Registration**

Any person under the SICLD Act, 2000 can oppose the proposed registration of layout design. After an application for registration of a layout-design has been accepted, any person can give notice in writing to the Registrar of his opposition, within three months from the date of advertisement or re-advertisement or within further period not exceeding one month in the aggregate, (as may be allowed by the Registrar ) as per the procedure provided .

The Registrar is required to serve a copy of the notice to the applicant for registration. The applicant for registration may send a counter-statement of grounds on which he relies, within two months of the receipt of notice of opposition and if he does not do so, he shall be deemed to have abandoned his application. The Registrar shall send a copy of the counter-statement of the grounds to the person giving notice of opposition. Both the applicant and the opponent may also submit any evidence relied upon to the Registrar if they so

desire. If the applicant for registration or the opponent sending notice of opposition neither resides nor carries on business in India, the Registrar may require them to give security for the costs of proceedings before him and, in default may treat the opposition or application, as the case may be, as abandoned. The Registrar then decides the matter regarding the registration based on the material before him. The application for registration is treated as abandoned if it is not completed within 12 months due to the reason of default on the part of the applicant or within such extended time as may be allowed by the Registrar.

### **Registration**

According to the SICLD Act, 2000, Registrar shall register the layout-design in the register, if the application has not been opposed within the prescribed time limit or the application has been opposed and the opposition has been decided for the applicant. The date of making the application is considered to be the date of registration of layout-design. After registration, the Registrar issues certificate of registration sealed with the seal of the Semiconductor Integrated Circuits Layout-Design Registry. Registration gives exclusive rights to the creator of layout-design for 10 years. It enables him to exploit the creation commercially and in the case of infringement, get reliefs permitted under the Act. Once the layout design is registered, the original registration and all subsequent assignments and transmissions of layout-design are admissible as a prima facie evidence of its validity. It cannot be held invalid on the ground that it was not a registerable layout design except upon evidence of originality and if such evidence was not submitted to the Registrar before. The Act confer all the powers of a civil court to the Registrar for the purposes of receiving evidence, administering oaths, enforcing the attendance of witnesses compelling the discovery and production of documents and issuing commissions for examination the of witnesses. It can also refer disputes to the Appellate Board.

### **Duration and Effect of Registration**

As per SICLD Act, 2000, the registration of a layout-design is done only for ten years with effect from the date of filing an application for registration or from the date of first commercial exploitation anywhere in India or any country, whichever is earlier.

### **Infringement of layout-design**

Only a registered proprietor of the layout-design or a registered user can make use the layout design. What will constitute the infringement of layout design has been explained in detail in the SICLD Act, 2000. Under the Act any person who infringes the layout design shall be liable to pay the proprietor of the registered layout-design, royalty to be determined by negotiation between registered proprietor and that person or by the Appellate Board. Such royalty is negotiated keeping in view the benefit that accrued to the person who has infringed the layout design as per the SICLD Act, 2000. The users/purchaser of infringed layout design is entitled to the immunity from infringement under this Act. Use of registered layout-design with the written consent of the registered proprietor of a registered layout-design also shall not constitute infringement. Also, where any person creates a layout design by application of independent intellect which is identical to a registered layout-design, then, such act shall not constitute infringement of the registered layout-design.

### **Assignment and Transmission**

The proprietor of a registered layout-design has powers under the Act to assign the layout-design for any consideration. The registered layout-design may be transferred with or without good will. However, the person who becomes entitled by assignment or transmission to a registered layout-design shall also have to register his title with the Registrar as per the procedure provided in the Act.

### Use of registered layout-design by registered users

When registered layout-design is intended to be allowed to be used by some other person, then such person is required to be registered with the Registrar as registered user. Registered proprietor and the proposed registered user shall have to make a joint application in writing to the Registrar in a prescribed manner along with agreement in writing (or a authenticated copy), entered into between them with regard to use of layout design showing particulars of the relationship, existing or proposed, including the degree of control by the proprietor over the permitted use which this relationship will confer. The particulars should also clarify whether the proposed registered user shall be sole registered user and mention the place and duration of permitted use. After getting the compliance of requirements under the Act, the Registrar registers the proposed registered user.

The Registrar has the powers under the Act to cancel the registration as a registered user of layout design on any of the following grounds:

- (i) Registered user has not used the layout-design in accordance with the agreement;
- (ii) The proprietor or the registered user misrepresented, or failed to disclose some material facts at the time of application which would have an adverse bearing on the registration of the registered user;
- (iii) The circumstances have changed since the date of registration in such a way that at the date of such application for cancellation they would not have justified registration of the registered user;
- (iv) That the registration ought not to have been effected having regard to right vested in the applicant by a contract in the performance of which he is interested;
- (v) Registration may be cancelled by the Registrar of his motion or on the application in writing by any person on the ground that any stipulation in the agreement between the registered proprietor and the registered user regarding the topographical dimensions of the layout design is either not being enforced or is not being complied with;
- (vi) Registration may be cancelled by the Registrar if the layout-design is no longer registered.

The Registrar is required to issue notice in respect of every application received for cancellation of registration of registered user to the registered proprietor and each registered user (not being the applicant) of the layout-design. However, before cancelling of registration, the registered proprietor shall be given a reasonable opportunity of being heard.

### LESSON ROUND UP

- In modern technology, integrated circuits are essential elements for a wide range of electrical products, including articles of everyday use, such as watches, television sets, washing machines, and cars, as well as sophisticated computers, smart phones, and other digital devices.
- In many developed nations, including United States, intellectual property law, a “mask work” is a two or three- dimensional layout or topography of an integrated circuit (IC or “chip”), i.e., the arrangement on a chip of semiconductor devices such as transistors and passive electronic components such as resistors and interconnections.
- The layout is called a mask work because, in photolithographic processes, the multiple etched layers within actual ICs are each created using a mask, called the photomask, to permit or block the light at specific locations, sometimes for hundreds of chips on a wafer simultaneously.
- So since the 1990s, many national governments have been granting copyright-like exclusive rights

conferring time- limited exclusivity to reproduction of a particular layout. Term of Integrated Circuit rights are usually shorter than copyrights applicable on pictures.

- A diplomatic conference was held at Washington, D.C., in 1989, which adopted a Treaty on Intellectual Property in Respect of Integrated Circuits, also called the Washington Treaty or IPICT Treaty. The Treaty, signed at Washington on May 26, 1989, is open to States Members of WIPO or the United Nations and to inter-governmental organizations meeting certain criteria.
- Under the IPICT Treaty, each Contracting Party is obliged to secure, throughout its territory, exclusive rights in layout-designs (topographies) of integrated circuits, whether or not the integrated circuit concerned is incorporated in an article.
- In compliance with the TRIPS Agreement, India has enacted the Semiconductor Integrated Circuits Layout-Designs Act, 2000 in order to provide protection to layout designs of integrated circuits.
- The Act defines “Layout Design” to mean a layout of transistors and other circuitry elements and includes lead wires connecting such elements and expressed in any manner in a semiconductor integrated circuit.
- According to the SICLD Act, 2000, Registrar shall register the layout-design in the register, if the application has not been opposed within the prescribed time limit or the application has been opposed and the opposition has been decided for the applicant.
- As per SICLD Act, 2000, the registration of a layout-design is done only for ten years with effect from the date of filing an application for registration or from the date of first commercial exploitation anywhere in India or any country, whichever is earlier.
- The proprietor of a registered layout-design has powers under the Act to assign the layout-design for any consideration. The registered layout-design may be transferred with or without good will.

### **SELF TEST QUESTIONS**

1. Discuss the Procedure for Registration of Layout design under the Semi-Conductor Integrated Circuits Layout-Design Act, 2000
2. Briefly discuss the position of International Law on Layout – Designs of Integrated Circuits.
3. Mention the situations in which Registrar has powers to cancel the registration under Integrated Circuit Lay Out Designs Act, 2000.
4. Explain the procedure of assignment and transmission under Integrated Circuit Lay Out Designs Act, 2000.



# Lesson 16

## The Protection of Plant Varieties and Farmers' Rights

### LESSON OUTLINE

- Plant Varieties and Farmer's Rights Act, 2001
- Protection of Plant Varieties and Farmers' Rights, Authority and Registry;
- Registration of Plant Varieties and Essentially Derived variety;
- Duration, Effect of Registration and Benefit Sharing;
- Surrender and revocation of Certificate;
- Farmers' Rights;
- Plant Varieties Protection Appellate Tribunal;
- Infringement, Offences, Penalties and Procedure.
- SELF-TEST QUESTIONS
- LESSON ROUND UP

### LEARNING OBJECTIVES

In the present era of liberalization, globalization and fast paced information technology, intellectual property rights have emerged as a new global phenomenon. An efficient and effective IPR regime is one which balances individual incentives and benefits with the wider needs of the society, while, IPRs are a well-established institution in the manufacturing sector, their application to agriculture is still in a state of evolution. The key issue in the agricultural sector is, quite simply, that some agricultural innovations are imperfectly appropriable. This imperfect appropriability may reduce innovators' incentive to invest in the improvement of such crops.

Several forms of IPRs employed in the sector of agriculture attempts to address this issue. Here it is relevant to mention the prevalent legal mechanisms including patents, plant varieties protection, trademarks, trade secrecy rights and plant breeders' rights.

India is among the first countries in the world to have passed legislation granting farmers' rights in the form of the Plant Varieties Protection and Farmers' Rights Act, 2001 (PVPFR). India's law is unique in that it simultaneously aims to protect both farmers' and breeders' rights. The Indian case assumes immense importance due to the country's lead in establishing a legal framework on Farmers' Rights and also significant as the Indian Gene Centre is recognized for its native wealth of plant genetic resources.

As we have dedicated legislation in the form of The Protection of Plant Varieties and Farmer's Rights Act, 2000, which works as effective legal system for the protection of plant varieties, the rights of farmers and plant breeders and to encourage the development of new varieties of plants, this chapter aims at apprising the students with each and every minute detail of the Act in order to assist in the effective implementation of the Plant Varieties Act to recognize and protect the rights of the farmers in respect of their contribution made at any time in conserving, improving and making available plant genetic resources for the development of new plant varieties.



## THE PROTECTION OF PLANT VARIETIES AND FARMERS' RIGHTS ACT, 2001

In order to provide for the establishment of an effective legal system for the protection of plant varieties, the rights of farmers and plant breeders and to encourage the development of new varieties of plants it was considered necessary by the legislature to recognize and to protect the rights of the farmers in respect of their contributions made at any time in conserving, improving and making available plant genetic resources for the development of new plant varieties.

Keeping inter alia the above considerations in mind, the Government of India enacted "The Protection of Plant Varieties and Farmers' Rights (PPV&FR) Act, 2001" thereby adopting a *sui generis* system. It is also important to note that the legislation is not only in conformity with the International Union for the Protection of New Varieties of Plants (UPOV), 1978, but also has sufficient provisions to protect the interest of public sector breeding institutions and the farmers. Therefore, the objective behind bringing in such a legislation in India was not only to comply with its international obligations but was also motivated by the considerations of protecting the rights of farmers and plant breeders and in general to encourage development of new varieties of plants. The main aim of this Act is to establish an effective system for the protection of plant varieties and, the rights of the breeders and to encourage the development of new varieties of plants.

The legislation recognizes the contributions of both commercial plant breeders and farmers engaged in plant breeding activities and also provides for the implementation of TRIPS agreement which in a way supports the specific socio-economic interests of all the stakeholders, including private and public sector, research institutions, as well as resource-constrained farmers.

To implement the provisions of the PPV&FR Act, the Department of Agriculture and Cooperation, Ministry of Agriculture, established a body by the name of 'Protection of Plant Varieties and Farmers' Rights Authority' in the year 2005 itself. The authority is headed by the Chairperson who is its Chief Executive. Besides the Chairperson, the Authority also has 15 members. Eight of such members are the ex-officio members representing various Departments/Ministries, three from SAUs and the State Governments, one representative each for farmers, tribal organization, seed industry and women organization associated with agricultural activities are further nominated by the Central Government. The Registrar General of the Authority is the ex-officio Member Secretary of the Authority.

To understand the need to bring in such legislation in India, it is necessary to look at the language of its Preamble. The Preamble of the PPV&FR Act reads as follows:

"WHEREAS it is considered necessary to recognise and protect the rights of the farmers in respect of their contribution made at any time in conserving, improving and making available plant genetic resources for the development of new plant varieties;

AND WHEREAS for accelerated agricultural development in the country, it is necessary to protect plant breeders' rights to stimulate investment for research and development, both in the public and private sector, for the development of new plant varieties;

AND WHEREAS such protection will facilitate the growth of the seed industry in the country which will ensure the availability of high quality seeds and planting material to the farmers;

AND WHEREAS, to give effect to the aforesaid objectives, it is necessary to undertake measures for the protection of the rights of farmers and plant breeders;

AND WHEREAS India, having ratified the Agreement on Trade Related Aspects of Intellectual Property Rights should, inter alia, make provision for giving effect to sub-paragraph (b) of paragraph 3 of article 27 in Part II of

the said Agreement relating to protection of plant varieties.

BE it enacted by Parliament in the Fifty-second Year of the Republic of India as follows”

As mentioned above, India being a member of the WTO and being a signatory to the TRIPS agreement enacted the ‘Protection of Plant Varieties and Farmers’ Rights Act, 2001’, for which Rules were also subsequently notified in the year 2003 (The Gazette of India Extraordinary, 2001 and The Gazette of India, 2003). Under the Act, in exercise of the powers conferred upon it under sub-section (1) of section 3, the Central Government established the ‘Protection of Plant Varieties and Farmers’ Rights Authority’ on 11th November, 2005 (The Gazette of India, 2005). The Act provides that in order to specifically promote the encouragement, for the development of new varieties of plants and to protect the rights of the farmers and breeders, the Authority shall provide for registration of new and extant plant varieties, develop, characterize and document the registered varieties, create compulsory cataloguing facility for all varieties of plants, ensure that seeds of varieties registered under the Act are available to farmers and provide for compulsory license, collect statistics with regard to plant varieties, including the contribution of any person at any time in the evolution or development of any plant variety and maintain National Register of plant varieties.

It is however important to note that the Plant varieties present in wilderness cannot be registered, under the PPVFR Act. However, any traditionally cultivated plant variety which has undergone the process of domestication/ improvement through human interventions can be registered and protected subject to fulfillment of the eligible criteria.

The impact of bringing into effect, enforce and implement the Protection of Plant Varieties and Farmers’ Rights Act, 2001 can be seen in the way it has influenced the seed industry in India. The Protection of Plant Varieties and Farmers’ Rights Authority has so far received applications for registration of plant varieties in thousands of numbers and out of such huge number of applicants many have been granted the Certificate of Registration (CoR) by the authority. Therefore, it is evident that the purpose of the Act is being very well realised. According to some analysis, it was found that farmers’ varieties formed 29 percent of all the applications received. Further, Crop-wise analysis of issue of CoR revealed that cereals (such as maize, bread wheat, rice, pearl millet and sorghum) and cotton along with few pulses formed more than 90 percent of the varieties which were granted the CoR. Public sector contributed for 83 percent of the total CoR issued in all categories of varieties. But in case of new varieties the private sector dominated with a share of almost 90 percent. For instance, two private seed companies namely, Monsanto India Limited and MAHYCO together contributed 16 new varieties out of a total of 34 new varieties being granted the CoR. Maize and cotton together contributed for 66 percent of new varieties being granted the CoR. The widening gap between the public and private sector seed companies in the development of innovations (new varieties, hybrids and proprietary technologies) and getting plant variety protection is alarming. Therefore, it is felt that the public sector seed industry needs to be revitalised to address the present day challenges of competitiveness in R&D, market access, and efficient technology transfer systems. It is interesting to note that India is the first country in the world to grant registration for farmers’ varieties and this has its own implications for the developing countries as well to follow this unique model.

Enforcement of legal protection for innovations in plant breeding by the plant breeders and traditional farming communities in producing suitable varieties, producing food, fodder, fibre, fuel and other commodities, provide an incentive for carrying out research, promote trade and regulate use of plant genetic resources. In the year 1990 itself, the World Bank had reported the existence of massive evidence that appropriate legal protection acted as an incentive for productive research. According to the United Nations Conference on Trade and Development (UNCTAD, 1991), Intellectual Property Rights (IPRs) constitute an important element of trade negotiations. It has been widely stated and also accepted that in the new millennium, the research paradigm

would undergo a transformation, and suggested that ‘the interplay of IPRs, technology development and technology transfer will determine the research contours and portfolios’. It has also been reported that market access, Intellectual Property Rights and regulatory review processes are the three factors identified by industry sources as important to innovation in biotech seeds.

Some of the important definitions provided under the Act are as follows:

Section 2(c) defines the term “Breeder” as, “breeder” means a person or group of persons or a farmer or group of farmers or any institution which has “bred, evolved or developed any variety.

Section 2(i) defines the term “essentially derived variety” as, “essentially derived variety”, in respect of a variety (the initial variety), shall be said to be essentially derived from such initial variety when it-

- (i) is predominantly derived from such initial variety, or from a variety that itself is predominantly derived from such initial variety, while retaining the expression of the essential characteristics that result from the genotype or combination of genotypes of such initial variety;
- (ii) is clearly distinguishable from such initial variety;and
- (iii) conforms (except for the differences which result from the act of derivation) to such initial variety in the expression of the essential characteristics that result from the genotype or combination of genotype of such initial variety.

Section 2(k) defines the term “Farmer” as, “*farmer*” means any person who-

- (i) cultivates crops by cultivating the land himself;or
- (ii) cultivates crops by directly supervising the cultivation of land through any other person;or
- (iii) conserves and preserves, severally or jointly, with any other person any wild species or traditional varieties or adds value to such wild species or traditional varieties through selection and identification of their useful properties.

Section 2(k) defines “Farmers Variety” as, “*Farmers Variety*” means a variety which-

- (i) has been traditionally cultivated and evolved by the farmers in their fields,or
- (ii) is a wild relative or land race of a variety about which the farmers possess the common knowledge.

Section 2(x) defines the term “Seed” as, “seed” means a type of living embryo or propagule capable of regeneration and giving rise to a plant which is true to such type.

Section 2(x) defines the term “ variety” as, “ variety” means a plant grouping except micro organism within a single botanical tax of the lowest known rank, which can be-

- (i) defined by the expression of the characteristics resulting from a given genotype of that plant grouping;
- (ii) distinguished from any other plant grouping by expression of at least one of the said characteristics; and
- (iii) considered as a unit with regard to its suitability for being propagated, which remains unchanged after such propagation,

and includes propagating material of such variety, extant variety, transgenic variety, farmers’ variety and essentially derived variety.

## PROTECTION OF PLANT VARIETIES AND FARMERS' RIGHTS, AUTHORITY AND REGISTRY

The provisions under the Protection of Plant Varieties and Farmers-Rights Act, 2001 on the subject of Protection of Plant Varieties and Farmers' Rights, Authority and Registry' are contained in Chapter II (Sections 3 to 13) of the Act. The relevant provisions thereof are reproduced herein below:

*Section 3 - Establishment of Authority* (1) The Central Government shall, by notification in the Official Gazette, establish an Authority to be known as the Protection of Plant Varieties and Farmers' Rights Authority for the purposes of this Act.

- (1) The Authority shall consist of a Chairperson and fifteen members.
- (2) (a) The Chairperson, to be appointed by the Central Government, shall be a person of outstanding caliber and eminence, with long practical experience to the satisfaction of that Government especially in the field of plant varietal research or agricultural development,
- (b) The members of the Authority, to be appointed by the Central Government, shall be as follows, namely:-
  - (i) The Agriculture Commissioner, Government of India, Department of Agriculture and Cooperation, New Delhi, ex officio;
  - (ii) The Deputy Director General in charge of Crop Sciences, Indian Council of Agricultural Research, New Delhi, ex officio;
  - (iii) The Joint Secretary in charge of Seeds, Government of India, Department of Agriculture and Cooperation, New Delhi, ex officio;
  - (iv) The Horticulture Commissioner, Government of India, Department of Agriculture and Cooperation, New Delhi, ex officio;
  - (v) The Director, National Bureau of Plant Genetic Resources, New Delhi, ex officio;
  - (vi) One member not below the rank of Joint Secretary to the Government of India to represent the Department of Bio-technology, Government of India, ex officio;
  - (vii) One member not below the rank of Joint Secretary to the Government of India to represent the Ministry of Environment and Forests, Government of India, ex officio;
  - (viii) One member not below the rank of Joint Secretary to the Government of India to represent the Ministry of Law, Justice and Company Affairs, Government of India, ex officio;
  - (ix) One representative from a National or State level farmers' organisation to be nominated by the Central Government;
  - (x) One representative from a tribal organisation to be nominated by the Central Government;
  - (xi) One representative from the seed industry to be nominated by the Central Government,
  - (xii) One representative from an agricultural University to be nominated by the Central Government;
  - (xiii) One representative from a National or State level women's organisation associated with agricultural activities to be nominated by the Central Government;and
  - (xiv) Two representatives of State Governments on rotation basis to be nominated by the Central Government.

(c) The Registrar-General shall be the ex officio member-secretary of the Authority.

- (7) The Chairperson shall appoint a Standing Committee consisting of five members, one of whom shall be a member who is a representative from a farmers' organization, to advise the Authority on all issues including farmers' rights.

**Section 4 - Meetings of Authority.**- (1) The Authority shall meet at such time and place and shall observe such rules of procedure in regard to the transaction of business at its meetings including the quorum at its meetings and the transaction of business of its Standing Committee appointed under sub-section (7) of section 3 as may be prescribed.

(2) The Chairperson of the Authority shall preside at the meetings of the Authority.

(6) No act or proceeding of the Authority shall be invalid merely by reason of –

- (a) Any vacancy in, or any defect in the constitution of, the Authority; or
- (b) Any defect in the appointment of a person acting as the Chairperson or a member of the Authority; or
- (c) Any irregularity in the procedure of the Authority not affecting the merits of the case.

**Section 7 - Chairperson of the Authority.**- The Chairperson shall be the Chief Executive of the Authority and shall exercise such powers and perform such duties as may be prescribed.

**Section 8 - General functions of Authority.**- (1) It shall be the duty of the Authority to promote, by such measures as it thinks fit, the encouragement for the development of new varieties of plants and to protect the rights of the farmers and breeders.

(2) In particular, and without prejudice to the generality of the foregoing provisions, the measures referred to in sub-section (1) may provide for-

- (a) The registration of extant varieties subject to such terms and conditions and in the manner as may be prescribed;
- (b) Developing characterization and documentation of varieties registered under this Act;
- (c) Documentation, indexing and cataloguing of farmers' varieties;
- (d) Compulsory cataloguing facilities for all varieties of plants;
- (e) Ensuring that seeds of the varieties registered under this Act are available to the farmers and providing for compulsory licensing of such varieties if the breeder of such varieties or any other person entitled to produce such variety under this Act does not arrange for production and sale of the seed in the manner as may be prescribed;
- (f) Collecting statistics with regard to plant varieties, including the contribution of any person at any time in the evolution or development of any plant variety, in India or in any other country, for compilation and publication;
- (g) Ensuring the maintenance of the Register.

**Section 11 - Power of Authority.** - In all proceedings under this Act before the Authority or the Registrar,-

- (a) The Authority or the Registrar, as the case may be, shall have all the powers of a civil court for the purposes of receiving evidence, administering oaths, enforcing the attendance of witnesses, compelling the discovery and production of documents and issuing commissions for the examination of witnesses;

- (b) The Authority or the Registrar may, subject to any rule made in this behalf under this Act, make such orders as to costs as it considers reasonable and any such order shall be executable as a decree of a civil court.

*Section 12 - Registry and offices thereof.* - (1) The Central Government shall establish, for the purposes of this Act, a Registry which shall be known as the Plant Varieties Registry.

(4) The Authority may appoint such number of Registrars as it thinks necessary for registration of plant varieties under the superintendence and direction of the Registrar-General under this Act and may make regulations with respect to their duties and jurisdiction.

(7) There shall be a seal of the Plant Varieties Registry.

*Section 13 - National Register of Plant Varieties.* - (1) For the purposes of this Act, a Register called the National Register of Plant Varieties shall be kept at the head office of the Registry, wherein shall be entered the names of all the registered plant varieties with the names and addresses of their respective breeders, the right of such breeders in respect of the registered varieties, the particulars of the denomination of each registered variety, its seed or other propagating material along with specification of salient features thereof and such other matters as may be prescribed.

### **Protection of Plant Varieties and Farmers' Rights Authority, India**

- In order to provide for the establishment of an effective system for protection of plant varieties, the rights of farmers and plant breeders and to encourage the development of new varieties of plants it has been considered necessary to recognize and protect the rights of the farmers in respect of their contribution made at any time in conserving, improving and making available plant genetic resources for the development of the new plant varieties. Moreover to accelerate agricultural development, it is necessary to protect plants breeders' rights to stimulate investment for research and development for the development of new plant varieties.
- Such protection is likely to facilitate the growth of the seed industry which will ensure the availability of high quality seeds and planting material to the farmers. India having ratified the Agreement on Trade Related Aspects of the Intellectual Property Rights has to make provision for giving effect to Agreement. To give effect to the aforesaid objectives the Protection of Plant Varieties and Farmers' Rights Act, 2001 has been enacted in India.
- For the purposes of this Act, Protection of Plant Varieties and Farmers' Rights Authority has been established and is located at the address mentioned below:

*"NASC Complex,  
DPS Marg,  
Opp- Todapur,  
New Delhi-110 012."*

### **Registration of Plant Varieties and Essentially Derived Variety**

The provisions regarding 'Registration of Plant varieties and essentially derived variety' are contained in Chapter III ranging from Section 14 to Section 23 of the Protection of Plant Varieties and Farmers-Rights Act, 2001. The relevant provisions thereof are reproduced below:

*Section 14 - Application for registration.* - Any person specified in section 16 may make an application to the Registrar for registration of any variety-



- (a) of such genera and species as specified under sub-section (2) of section 29;or
- (b) which is an extant variety;or
- (c) which is a farmers' variety.

**Section 15 - Registrable varieties.-** (1) A new variety shall be registered under this Act if it conforms to the criteria of novelty, distinctiveness, uniformity and stability.

(2) Notwithstanding anything contained in sub-section (1), an extant variety shall be registered under this Act within a specified period if it conforms to such criteria of distinctiveness, uniformity and stability as shall be specified under the regulations.

(3) For the purposes of sub-sections (1) and (2), as the case maybe, a new variety shall be deemed to be-

- (a) novel, if, at the date of filing of the application for registration for protection, the propagating or harvested material of such variety has not been sold or otherwise disposed of by or with the consent of its breeder or his successor for the purposes of exploitation of such variety-
  - (i) in India, earlier than one year;or
  - (ii) outside India, in the case of trees or vines earlier than six years, or in any other case, earlier than four years, before the date of filing such application:

Provided that a trial of a new variety which has not been sold or otherwise disposed of shall not affect the right to protection:

Provided further that the fact that on the date of filing the application for registration, the propagating or harvested material of such variety has become a matter of common knowledge other than through the aforesaid manner shall not affect the criteria of novelty for such variety;

- (b) Distinct, if it is clearly distinguishable by at least one essential characteristic from any other variety whose existence is a matter of common knowledge in any country at the time of filing of the application.

Explanation. - For the removal of doubts, it is hereby declared that the filing of an application for the granting of a breeder's right to a new variety or for entering such variety in the official register of varieties in any convention country shall be deemed to render that variety a matter of common knowledge from the date of the application in case the application leads to the granting of the breeder's right or to the entry of such variety in such official register, as the case may be;

- (c) uniform, if subject to the variation that may be expected from the particular features of its propagation it is sufficiently uniform in its essential characteristics;
- (d) stable, if its essential characteristics remain unchanged after repeated propagation or, in the case of a particular cycle of propagation, at the end of each such cycle.

(4) A new variety shall not be registered under this Act if the denomination given to such variety-

- (i) is not capable of identifying such variety;or
- (ii) consists solely of figures;or
- (iii) is liable to mislead or to cause confusion concerning the characteristics, value identity of such variety or the identity of breeder of such variety;or
- (iv) is not different from every denomination which designates a variety of the same botanical species or of a closely related species registered under this Act;or



- (v) is likely to deceive the public or cause confusion in the public regarding the identity of such variety; or
- (vi) is likely to hurt the religious sentiments respectively of any class or section of the citizens of India; or
- (vii) is prohibited for use as a name or emblem for any of the purposes mentioned in section 3 of the Emblems and Names (Prevention of Improper Use) Act, 1950 (12 of 1950); or
- (viii) is comprised of solely or partly of geographical name:

Provided that the Registrar may register a variety, the denomination of which comprises solely or partly of a geographical name, if he considers that the use of such denomination in respect of such variety is an honest use under the circumstances of the case.

**Section 16 - Persons who may make application.** - (1) An application for registration under section 14 shall be made by-

- (a) any person claiming to be the breeder of the variety; or
- (b) any successor of the breeder of the variety; or
- (c) any person being the assignee of the breeder of the variety in respect of the right to make such application; or
- (d) any farmer or group of farmers or community of farmers claiming to be the breeder of the variety; or
- (e) any person authorized in the prescribed manner by a person specified under clauses (a) to (d) to make application on his behalf; or
- (f) any university or publicly funded agricultural institution claiming to be the breeder of the variety.

(2) An application under sub-section (1) may be made by any of the persons referred to therein individually or jointly with any other person.

**Section 17 - Compulsory variety denomination.** - (1) Every applicant shall assign a single and distinct denomination to a variety with respect to which he is seeking registration under this Act in accordance with the regulations.

**Section 18 - Form of application.** - (1) Every application for registration under section 14 shall-

- (a) be with respect to a variety;
- (b) state the denomination assigned to such variety by the applicant;
- (c) be accompanied by an affidavit sworn by the applicant that such variety does not contain any gene or gene sequence involving terminator technology;
- (d) be in such form as may be specified by regulations;
- (e) contain a complete passport data of the parental lines from which the variety has been derived along with the geographical location in India from where the genetic material has been taken and all such information relating to the contribution, if any, of any farmer, village community, institution or organization in breeding, evolving or developing the variety;
- (f) be accompanied by a statement containing a brief description of the variety bringing out its characteristics of novelty, distinctiveness, uniformity and stability as required for registration;
- (g) be accompanied by such fees as may be prescribed;
- (h) contain a declaration that the genetic material or parental material acquired for breeding, evolving or developing the variety has been lawfully acquired; and

- (i) be accompanied by such other particulars as may be prescribed:

Provided that in case where the application is for the registration of farmers' variety, nothing contained in clauses (b) to (i) shall apply in respect of the application and the application shall be in such form as may be prescribed.

*Section 20 - Acceptance of application or amendment thereof.*- (1) On receipt of an application under section 14, the Registrar may, after making such inquiry as he thinks fit with respect to the particulars contained in such application, accept the application absolutely or subject to such conditions or limitations as he deems fit.

(2) Where the Registrar is satisfied that the application does not comply with the requirements of this Act or any rules or regulations made thereunder, he may, either-

- (a) require the applicant to amend the application to his satisfaction;or
- (b) reject the application:

Provided that no application shall be rejected unless the applicant has been given a reasonable opportunity of presenting his case.

*Section 21 - Advertisement of application.*- (1) Where an application for registration of a variety has been accepted absolutely or subject to conditions or limitations under sub-section (1) of section 20, the Registrar shall, as soon as after its acceptance, cause such application together with the conditions or limitations, if any, subject to which it has been accepted and the specifications of the variety for registration of which such application is made including its photographs or drawings, to be advertised in the prescribed manner calling objections from the persons interested in the matter.

(2) Any person may, within three months from the date of the advertisement of an application for registration on payment of the prescribed fees, give notice in writing in the prescribed manner, to the Registrar of his opposition to the registration.

(3) Opposition to the registration under sub-section (2) may be made on any of the following grounds, namely:-

- (a) that the person opposing the application is entitled to the breeder's right as against the applicant;or
- (b) that the variety is not registrable under this Act;or
- (c) that the grant of certificate of registration may not be in public interest;or
- (d) that the variety may have adverse effect on the environment.

(4) The Registrar shall serve a copy of the notice of opposition on the applicant for registration and, within two months from the receipt by the applicant of such copy of the notice of opposition, the applicant shall send to the Registrar in the prescribed manner a counter-statement of the grounds on which he relies for his application, and if he does not do so, he shall be deemed to have abandoned his application.

(5) If the applicant sends such counter-statement, the Registrar shall serve a copy thereof on the person giving notice of opposition.

(6) Any evidence upon which the opponent and the applicant may rely shall be submitted, in the manner prescribed and within the time prescribed, to the Registrar and the Registrar shall give an opportunity to them to be heard, if so desired.

(7) The Registrar shall, after hearing the parties, if so required, and considering the evidence,decide whether and subject to what conditions or limitations, if any, the registration is to be permitted and may take into account a ground of objection whether relied upon by the opponent or not.

(8) Where a person giving notice of opposition or an applicant sending a counter-statement after receipt of a copy of such notice neither resides nor carries on business in India, the Registrar may require him to give security for the cost of proceedings before him and in default of such security being duly given may treat the opposition or application, as the case may be, as abandoned.

(9) The Registrar may, on request, penult correction of any error in, or any amendment of, a notice of opposition or a counter-statement on such terms as he may think fit.

*Section 22 - Registrar to consider grounds of opposition.-* The Registrar shall consider all the grounds on which the application has been opposed and after giving reasons for his decision, by order, uphold or reject the opposition.

*Section 23 - Registration of essentially derived variety.-* (1) An application for the registration of an essentially derived variety of the genera or species specified under sub-section (2) of section 29 by the Central Government shall be made to the Registrar by or on behalf of any person referred to in section 14 and in the manner specified in section 18 as if for the word “variety”, the words “essentially derived variety” have been substituted there in and shall be accompanied by such documents and fees as may be prescribed.

(2) When the Registrar is satisfied that the requirements of sub-section (1) have been complied with to his satisfaction, he shall forward the application with his report and all the relevant documents to the Authority.

(3) On receipt of an application under sub-section (2), the Authority shall get examined such essentially derived variety to determine as to whether the essentially derived variety is a variety derived from the initial variety by conducting such tests and following such procedure as may be prescribed.

(4) When the Authority is satisfied on the report of the test referred to in sub-section (3) that the essentially derived variety has been derived from the initial variety, it may direct the Registrar to register such essentially derived variety and the Registrar shall comply with the direction of the Authority.

(5) Where the Authority is not satisfied on the report of the test referred to in sub-section (3) that the essentially derived variety has been derived from the initial variety it shall refuse the application.

(6) The rights of the breeder of a variety contained in section 28 shall apply to the breeder of essentially derived variety:

Provided that the authorization: by the breeder of the initial variety to the breeder of essentially derived variety under sub-section (2) of section 28 may be subject to such terms and conditions as both the parties may mutually agree upon.

(7) An essentially derived variety shall not be registered under this section unless it satisfies the requirements of section 15 as if for the word “variety”, the words “essentially derived variety” have been substituted therein.

(8) When an essentially derived variety has been registered by the Registrar in compliance with the direction of the Authority under sub-section (4) the Registrar shall issue to the applicant a certificate of registration in the prescribed form and sealed with the seal of the Registry and send a copy thereof to the Authority and to such other authority, as may be prescribed, for information.

### Criteria for Registration of a Variety

*Novel:* if at the date of filing an application for registration for protection, the propagating or harvested material of such variety has not been sold or otherwise disposed of in India earlier than one year or outside India, in the case of trees or vines earlier than six years, or in any other case earlier than four years, before the date of filing such application.

*Distinct:* A variety is said to be distinct if it is clearly distinguishable by at least one essential characteristic from any other variety whose existence is a matter of common knowledge in any country at the time of filing an application.

*Uniform:* A variety is said to be uniform, if subject to the variation that may be expected from the particular features of its propagation it is sufficiently uniform in its essential characteristics.

*Stable:* A variety is said to be stable if its essential characteristics remain unchanged after repeated propagation or, in the case of a particular cycle of propagation, at the end of each such cycle.

### Types of Varieties

*New Variety:* A new variety can be registered under the Act if it conforms to the criteria for novelty, distinctiveness, uniformity and stability.

*Extant variety:* An extant variety can be registered under the Act if it conforms to the criteria for distinctiveness, uniformity and stability. Thus novelty is not considered while going for the protection of plant varieties.

The PPV&FRA under section 2(j)(iii) and (iv) defines “extant variety” as any variety “which is in public domain or about which there is a common knowledge.”

*Farmers’ Variety:* Under section 2 (l) farmers variety means a variety “which has been traditionally cultivated and evolved by the farmers in their fields”.

### Persons Who Can Apply For the Registration of Plant Variety

Application for registration of a variety can be made by:

1. any person claiming to be the breeder of the variety;
2. any successor of the breeder of the variety;
3. any person being the assignee or the breeder of the variety in respect of the right to make such application;
4. any farmer or group of farmers or community of farmers claiming to be breeder of the variety;
5. any person authorized to make application on behalf of farmers and
6. any University or publicly funded agricultural institution claiming to be breeder of the variety.
6. any University or publicly funded agricultural institution claiming to be breeder of the variety.

### Filing Requirements for Registration of a Plant Variety

- Name, address and Nationality of Applicants as well as the address of service of their agent.
- Denomination assigned to such variety.
- Accompanied by an affidavit that variety does not contain any gene or gene sequences involving terminator technology.
- Complete passport data of parental lines with its geographical location in India and all such information relating to the contribution if any, of any farmer (s), village, community, institution or organization etc in breeding, evolving or developing the variety.
- Characteristics of variety with description for Novelty, Distinctiveness, Uniformity and Stability.

- A declaration that the genetic material used for breeding of such variety has been lawfully acquired.

### Certificate of Registration

The maximum time taken for issuing certificate of registration is three years from the date of filing of the application for registration of a plant variety.

### Duration, Effect of Registration and Benefit Sharing (Section 24 to 32)

*Section 24 - Issue of certificate of registration.*- (1) When an application for registration of a variety (other than an essentially derived variety) has been accepted and either –

- the application has not been opposed and the time of notice of opposition has expired; or
- the application has been opposed and the opposition has been rejected, the Registrar shall register the variety.

(2) On the registration of the variety (other than an essentially derived variety), the Registrar shall issue to the applicant a certificate of registration in the prescribed form and sealed with the seal of the Registry and send a copy thereof to the Authority for determination of benefit sharing and to such other authority, as may be prescribed, for information. The maximum time required by the Registrar for issuing the certificate of registration from the date of filing of the application for registration of a variety shall be such as may be prescribed.

(3) Where registration of a variety (other than an essentially derived variety), is not completed within twelve months from the date of the application by reason of default on the part of the applicant, the Registrar may, after giving notice to the applicant in the prescribed manner, treat the application as abandoned unless it is completed within the time specified in that behalf in the notice.

(4) The Registrar may amend the Register or a certificate of registration for the purpose of correcting a clerical error or an obvious mistake.

(5) The Registrar shall have power to issue such directions to protect the interests of a breeder against any abusive act committed by any third party during the period between filing of application for registration and decision taken by the Authority on such application.

(6) The certificate of registration issued under this section or sub-section (8) of section 23 shall be valid for nine years in the case of trees and vines and six years in the case of other crops and may be reviewed and renewed for the remaining period on payment of such fees as may be fixed by the rules made in this behalf subject to the condition that the total period of validity shall not exceed, –

- in the case of trees and vines, eighteen years from the date of registration of the variety;
- in the case of extant variety, fifteen years from the date of the notification of that variety by the Central Government under section 5 of the Seeds Act, 1966; and
- in other cases, fifteen years from the date of registration of the variety.

*Section 25.- Publication of list of varieties.*- The Authority shall, within such intervals as it thinks appropriate, publish the list of varieties which have been registered during that interval.

*Section 26 - Determination of benefit sharing by Authority.*- (1) On receipt of copy of the certificate of registration under sub-section (8) of section 23 or sub-section (2) of section 24, the Authority shall publish such contents of the certificate and invite claims of benefit sharing to the variety registered under such certificate in the manner as may be prescribed.

(2) On invitation of the claims under sub-section (1), any person or group of persons or firm or governmental or non-governmental organisation shall submit its claim of benefit sharing to such variety in the prescribed form within such period, and accompanied with such fees, as may be prescribed:

Provided that such claim shall only be submitted by any –

- (i) person or group of persons, if such person or every person constituting such group is a citizen of India; or
- (ii) firm or governmental or non-governmental organisation, if such firm or organisation is formed or established in India.

(3) On receiving a claim under sub-section (2), the Authority shall send a copy of such claim to the breeder of the variety registered under such certificate and the breeder may, on receipt of such copy, submit his opposition to such claim within such period and in such manner as may be prescribed.

(4) The Authority shall, after giving an opportunity of being heard to the parties, dispose of the claim received under sub-section (2).

(5) While disposing of the claim under sub-section (4), the Authority shall explicitly indicate in its order the amount of the benefit sharing, if any, for which the claimant shall be entitled and shall take into consideration the following matters, namely:-

- (a) the extent and nature of the use of genetic material of the claimant in the development of the variety relating to which the benefit sharing has been claimed;
- (b) the commercial utility and demand in the market of the variety relating to which the benefit sharing has been claimed.

(6) The amount of benefit sharing to a variety determined under this section shall be deposited by the breeder of such variety in the manner referred to in clause (a) of sub-section (1) of section 45 in the National Gene Fund.

(7) The amount of benefit sharing determined under this section shall, on a reference made by the Authority in the prescribed manner, be recoverable as an arrear of land revenue by the District Magistrate within whose local limits of jurisdiction the breeder liable for such benefit sharing resides.

**Section 27 - Breeder to deposit seeds or propagating material.** - (1) The breeder shall be required to deposit such quantity of seeds or propagating material including parental line seeds of registered variety in the National Gene Bank as may be specified in the regulations for reproduction purpose at the breeder's expense within such time as may be specified in that regulation.

(2) The seeds or propagating material 01 parental line seeds to be deposited under sub-section (1) shall be deposited to the National Gene Bank specified by the Authority.

**Section 28 - Registration to confer right.** - (1) Subject to the other provisions of this Act, a certificate of registration for a variety issued under this Act shall confer an exclusive right on the breeder or his successor, his agent or licensee, to produce, sell, market, distribute, import or export the variety:

Provided that in the case of an extant variety, unless a breeder or his successor establishes his right, the Central Government, and in cases where such extant variety is notified for a State or for any area thereof under section 5 of the Seeds Act, 1966 (54 of 1966), the State Government, shall be deemed to be the owner of such right.

(2) A breeder may authorize any person to produce, sell, market or otherwise deal with the variety registered under this Act subject to such limitations and conditions as may be specified by regulations.



(3) Every authorization under this section shall be in such form as may be specified by regulations.

(4) Where an agent or a licensee referred to in sub-section (1) becomes entitled to produce, sell, market, distribute, import or export a variety, he shall apply in the prescribed manner and with the prescribed fees to the Registrar to register his title and the Registrar shall, on receipt of application and on proof of title to his satisfaction, register him as an agent or a licensee, as the case may be, in respect of the variety for which he is entitled for such right, and shall cause particulars of such entitlement and conditions or restrictions, if any, subject to which such entitlement is made, to be entered in the Register:

Provided that when the validity of such entitlement is in dispute between the parties, the Registrar may refuse to register the entitlement and refer the matter in the prescribed manner to the Authority and withhold the registration of such entitlement until the right of the parties in dispute so referred to have been determined by the Authority.

(5) The Registrar shall issue a certificate of registration under sub-section (4) to the applicant after such registration and shall enter in the certificate the brief conditions of entitlement, if any, in the prescribed manner, and such certificate shall be the conclusive proof of such entitlement and the conditions or restrictions thereof, if any.

(6) Subject to any agreement subsisting between the parties, an agent or licensee of a right to a variety registered under sub-section (4) shall be entitled to call upon the breeder or his successor thereof to take proceedings to prevent infringement thereof, and if the breeder or his successor refuses or neglects to do so within three months after being so called upon, such registered agent or licensee may institute proceedings for infringement in his own name as if he were the breeder, making the breeder or his successor a defendant.

(7) Notwithstanding anything contained in any other law, a breeder or his successor so added as defendant shall not be liable for any costs unless he enters an appearance and takes part in the proceedings.

(8) Nothing in this section shall confer on a registered agent or registered licensee of a variety any right to transfer such right further thereof.

(9) Without prejudice to the registration under sub-section (4), the terms of registration--

- (a) may be varied by the Registrar as regards the variety in respect of which, or any condition or restriction subject to which, it has effect on receipt of an application in the prescribed manner of the registered breeder of such variety or his successor;
- (b) may be cancelled by the Registrar on the application in the prescribed manner of the registered breeder of such variety or his successor or of the registered agent or registered licensee of such variety;
- (c) may be cancelled by the Registrar on the application in the prescribed manner of any person other than the breeder, his successor, the registered agent or the registered licensee on any of the following grounds, namely:-
  - (i) that the breeder of a variety or his successor or the registered agent or registered licensee of such variety, misrepresented, or failed to disclose, some fact material to the application for registration under sub-section (4) which if accurately represented or disclosed would have justified the refusal of the application for registration of the registered agent or registered licensee;
  - (ii) that the registration ought not to have been effected having regard to the right vested in the applicant by virtue of a contract in the performance of which he is interested;
- (d) may be cancelled by the Registrar on the application in the prescribed manner of the breeder of a



registered variety or his successor on the ground that any stipulation in the agreement between the registered agent or the registered licensee, as the case may be and such breeder or his successor regarding the variety for which such agent or licensee is registered is not being enforced or is not being complied with;

- (e) may be cancelled by the Registrar on the application of any person in the prescribed manner on the ground that the variety relating to the registration is no longer existing.

(10) The Registrar shall issue notice in the prescribed manner of every application under this section to the registered breeder of a variety or his successor and to each registered agent or registered licensee (not being the applicant) of such variety.

(11) The Registrar shall, before making any order under sub-section (9), forward the application made in that behalf along with any objection received by any party after notice under sub-section (10) for the consideration of the Authority, and the Authority may, after making such inquiry as it thinks fit, issue such directions to the Registrar as it thinks fit and the Registrar shall dispose of the application in accordance with such directions.

*Section 29 - Exclusion of certain varieties.*-(1) Notwithstanding anything contained in this Act, no registration of a variety shall be made under this Act in cases where prevention of commercial exploitation of such variety is necessary to protect public order or public morality or human, animal and plant life and health or to avoid serious prejudice to the environment.

(2) The Central Government shall, by notification in the Official Gazette, specify the genera or species for the purposes of registration of varieties other than extant varieties and farmers' varieties under this Act.

(3) Notwithstanding anything contained in sub-section (2) and sub-sections (1) and (2) of section 15, no variety of any genera or species which involves any technology which is injurious to the life or health of human beings, animals or plants shall be registered under this Act.

*Explanation.*--For the purposes of this sub-section, the expression "any technology" includes genetic use restriction technology and terminator technology.

(4) The Central Government shall not delete any genera or species from the list of genera or species specified in a notification issued under sub-section (2) except in the public interest.

(5) Any variety belonging to the genera or species excluded under sub-section (4) shall not be eligible for any protection under this Act.

*Section 30 - Researcher's right.*- Nothing contained in this Act shall prevent-

- (a) the use of any variety registered under this Act by any person using such variety for conducting experiment or research; or
- (b) the use of a variety by any person as an initial source of variety for the purpose of creating other varieties:

Provided that the authorization of the breeder of a registered variety is required where the repeated use of such variety as a parental line is necessary for commercial production of such other newly developed variety.

*Section 31 - Special provision relating to application for registration from citizens of convention countries.*-(1) With a view to the fulfillment of a treaty, convention or arrangement with any country outside India which affords to citizens of India similar privileges as granted to its own citizens, the Central Government may, by notification in the Official Gazette, declare such country to be a convention country for the purposes of this Act.

(2) Where a person has made an application for the granting of a breeder's right to a variety or for entering such variety in the official register of varieties in a convention country and that person, or any person entitled to make application on his behalf under section 14 or section 23, makes an application for the registration of such variety in India within twelve months after the date on which the application was made in the convention country, such variety shall, if registered under this Act, be registered as of the date on which the application was made in the convention country and that date shall be deemed for the purposes of this Act to be the date of registration.

(3) Where applications have been made for granting of a breeder's right to a variety, or for entering such variety in the official register of varieties in two or more convention countries, the period of twelve months referred to in sub-section (2) shall be reckoned from the date on which the earlier or earliest of those applications were made.

(4) Nothing in this Act shall entitle the breeder of a registered variety for infringement of rights other than protected under this Act which took place prior to the date of application of registration under this Act.

**Section 32 - Provisions as to reciprocity.**- Where any country declared by the Central Government in this behalf by notification in the Official Gazette under sub-section (1) of section 31 does not accord to citizens of India the same rights in respect of the registration and protection of a variety, as it accords to its own nationals, no national of such country shall be entitled, either solely or jointly with any other person, to apply for the registration of a variety or be entitled to get a variety registered under this Act.

### **Duration of Registration**

- For trees and vines (Perennials) - 18 years from the date of registration of the variety.
- For other crops (Annuals) – 15 years from the date of registration of the variety.
- For extant varieties – 15 years from the date of notification of that variety by the Central Government under section 5 of the Seeds Act, 1966.

### **Exemptions Provided By the Act**

- Farmers' Exemption: Farmer shall be entitled to produce, save, use, sow, re-sow, exchange, share or sell his farm produce including seed of a variety protected under this Act.

Researcher's Exemption: (i) the use of registered variety for conducting experiment. (ii) the use of variety as an initial source of variety for the purpose of creating other varieties.

### **Surrender and Revocation of Certificate (Chapter V – Sections 33 To 38)**

**Section 33 - Surrender of certificate of registration.**- (1) A breeder of a variety registered under this Act may, at any time by giving notice in the prescribed manner to the Registrar, offer to surrender his certificate of registration.

(2) Where such an offer is made, the Registrar shall notify in the prescribed manner every registered agent or registered licensee relating to such certificate.

(3) Any of such agent or licensee may, within the prescribed period after such notification, give notice to the Registrar of his opposition to the surrender and where any such notice is given, the Registrar shall intimate the contents of such notice to the breeder of such variety.

(4) If the Registrar is satisfied after hearing the applicant and all the opponents, if desirous of being heard, that the certificate of registration may properly be surrendered, he may accept the offer and by order revoke the certificate of registration.

*Section 34 - Revocation of protection on certain grounds.*- Subject to the provisions contained in this Act, the protection granted to a breeder in respect of a variety may, on the application in the prescribed manner of any person interested, be revoked by (he Authority on any of the following grounds,namely:--

- (a) that the grant of the certificate of registration has been based on incorrect information furnished by the applicant;
- (b) that the certificate of registration has been granted to a person who is not eligible for protection under this Act;
- (c) that the breeder did not provide the Registrar with such information, documents or material as required for registration under this Act;
- (d) that the breeder has failed to provide an alternative denomination of the variety which is the subject matter of the registration to the Registrar in case where the earlier denomination of such variety provided to the Registrar is not permissible for registration under this Act;
- (e) that the breeder did not provide the necessary seeds or propagating material to the person to whom compulsory licence has been issued under section 47 regarding the variety in respect of which registration certificate has been issued to such breeder;
- (f) that the breeder has not complied with the provisions of this Act or rules or regulations made thereunder;
- (g) that the breeder has failed to comply with the directions of the Authority issued under this Act;
- (h) that the grant of the certificate of registration is not in the public interest;

Provided that no such protection shall be revoked unless the breeder is given a reasonable opportunity to file objection and of being heard in the matter.

*Section 35 - Payment of annual fees and forfeiture of registration in default thereof.*- (1) The Authority may, with the prior approval of the Central Government, by notification in the Official Gazette, impose a fee to be paid annually, by every breeder of a variety, agent and licensee thereof registered under this Act determined on the basis of benefit or royalty gained by such breeder, agent or licensee, as the case may be, in respect of the variety, for the retention of their registration under this Act.

(2) If any breeder, agent or licensee fails to deposit the fee referred to in sub-section (7) imposed upon him under that sub-section in the prescribed manner up to two consecutive years, the Authority shall issue notice to such breeder, agent or licensee and on service of such notice if he fails to comply with the direction in the notice, the Authority shall declare all the protection admissible under the registration certificate issued to such breeder or agent or licensee forfeited.

(3) The arrears of fee imposed under sub-section (/) shall be deemed to be the arrears of land revenue and shall be recoverable accordingly.

*Section 36 - Power to cancel or change registration and to rectify the Register.*- (1) On an application made in the prescribed manner to the Registrar by any person aggrieved, the Registrar may make such order as he may think fit for canceling or changing any certificate of registration issued under this Act on the ground of any contravention of the provisions of this Act or failure to observe a condition subject to which such registration certificate is issued.

(2) Any person aggrieved by the absence or omission from the Register of any entry, or by any entry made in the Register without sufficient cause, or by any entry wrongly remaining on the Register, may apply in the prescribed manner to the Registrar and the Registrar may make such order for making, expunging or varying

the entry as he may think fit.

(3) The Registrar may, in any proceeding under this section, decide any question that may be necessary or expedient to decide in connection with the rectification of the Register.

(4) The Registrar on his own motion may, after giving notice in the prescribed manner to the parties concerned and after giving them an opportunity of being heard, make any order referred to in sub-section (1) or sub-section (2).

**Section 37 - Correction of Register.**- (1) The Registrar may, on an application in the prescribed manner by the breeder of a variety registered under this Act,-

- (a) correct any error in the Register in the name, address or description of such breeder or any other entry relating to such variety;
- (b) enter in the Register any change in the name, address or description of such breeder;
- (c) cancel the entry in the Register of the variety in respect of which such application is made; and may make any consequential amendment or alteration in the certificate of registration and for that purpose require the certificate of registration to be produced to him.

(2) The Registrar may, on application made in the prescribed manner by a registered agent or a registered licensee of a variety and after notice to the registered breeder of such variety, correct any error or enter any change, in the name, address or description of such registered agent or registered licensee, as the case may be, in the Register or certificate of registration issued under this Act.

**Section 38 - Alteration of denomination of (25 of 1961) registered variety.**- (1) The breeder of a variety registered under this Act may apply in the prescribed manner to the Registrar to delete any part or to add to or alter the denomination of such variety in any manner not substantially affecting the identity thereof, and the Registrar may refuse leave or may grant it on such terms and subject to such limitations as he may think fit to avoid any conflict with the rights of other breeders of the varieties registered under this Act.

(2) The Registrar may cause an application under this section to be advertised in the prescribed manner in any case where it appears to him that it is expedient so to do, and where he does so, if within the prescribed time from the date of the advertisement any person gives notice to the Registrar in the prescribed manner of opposition to the application, the Registrar shall, after hearing the parties if so required, decide the matter.

(3) Where leave is granted under this section, the denomination of the variety as altered shall be advertised in the prescribed manner, unless the application has already been advertised under sub-section(2).

## **Farmers' Rights (Chapter VI – Section 39 to 46)**

**Section 39 - Farmers rights.**- (1) Notwithstanding anything contained in this Act,-

- (i) A farmer who has bred or developed a new variety shall be entitled for registration and other protection in like manner as a breeder of a variety under this Act;
- (ii) The farmers' variety shall be entitled for registration if the application contains declaration as specified in clause (A) of sub-section (1) of section 18;
- (iii) A farmer who is engaged in the conservation of genetic resources of land races and wild relatives of economic plants and their improvement through selection and preservation shall be entitled in the prescribed manner for recognition and reward from the Gene Fund:

Provided that material so selected and preserved has been used as donors of genes in varieties

registrable under this Act;

- (iv) A farmer shall be deemed to be entitled to save, use, sow, re-sow, exchange, share or sell his farm produce including seed of a variety protected under this Act in the same manner as he was entitled before the coming into force of this Act:

Provided that the farmer shall not be entitled to sell branded seed of a variety protected under this Act.

*Explanation.*—For the purposes of clause (iv), “branded seed” means any seed put in a package or any other container and labelled in a manner indicating that such seed is of a variety protected under this Act.

(2) Where any propagating material of a variety registered under this Act has been sold to a farmer or a group of farmers or any organisation of farmers, the breeder of such variety shall disclose to the farmer or the group of farmers or the organisation of farmers, as the case may be, the expected performance under given conditions, and if such propagating material fails to provide such performance under such given conditions, the farmer or the group of farmers or the organisation of farmers, as the case may be, may claim compensation in the prescribed manner before the Authority and the Authority, after giving notice to the breeder of the variety and after providing him an opportunity to file opposition in the prescribed manner and after hearing the parties, may direct the breeder of the variety to pay such compensation as it deems fit, to the farmer or the group of farmers or the organisation of farmers, as the case may be.

*Section 40 - Certain information to be given in application for registration.*— (1) A breeder or other person making application for registration of any variety under Chapter III shall disclose in the application the information regarding the use of genetic material conserved by any tribal or rural families in the breeding or development of such variety,

(2) If the breeder or such other person fails to disclose any information under sub-section (1), the Registrar may, after being satisfied that the breeder or such person has willfully and knowingly concealed such information, reject the application for registration.

*Section 41 - Rights of communities.*— (1) Any person or group of persons (whether actively engaged in farming or not) or any governmental or non-governmental organisation may, on behalf of any village or local community in India, file in any center notified, with the previous approval of the Central Government, by the Authority, in the Official Gazette, any claim attributable to the contribution of the people of that village or local community, as the case may be, in the evolution of any variety for the purpose of staking a claim on behalf of such village or local community.

(2) Where any claim is made under sub-section (1), the center notified under that sub-section may verify the claim made by such person or group of persons or such governmental or non-governmental organisation in such manner as it deems fit, and if it is satisfied that such village or local community has contributed significantly to the evolution of the variety which has been registered under this Act, it shall report its findings to the Authority.

(3) When the Authority, on a report under sub-section (2) is satisfied, after such inquiry as it may deem fit, that the variety with which the report is related has been registered under the provisions of this Act, it may issue notice in the prescribed manner to the breeder of that variety and after providing opportunity to such breeder to file objection in the prescribed manner and of being heard, it may subject to any limit notified by the Central Government, by order, grant such sum of compensation to be paid to a person or group of persons or governmental or non-governmental organisation which has made claim under sub-section (1). as it may deem fit.

(4) Any compensation granted under sub-section (3) shall be deposited by the breeder of the variety in the Gene Fund.

(5) The compensation granted under sub-section (3) shall be deemed to be an arrear of land revenue and shall be recoverable by the Authority accordingly.

*Section 42 - Protection of innocent infringement.*- Notwithstanding anything contained in this Act,-

- (i) a right established under this Act shall not be deemed to be infringed by a farmer who at the time of such infringement was not aware of the existence of such right; and
- (ii) a relief which a court may grant in any suit for infringement referred to in section 65 shall not be granted by such court, nor any cognizance of any offence under this Act shall be taken, for such infringement by any court against a farmer who proves, before such court, that at the time of the infringement he was not aware of the existence of the right so infringed.

*Section 43 - Authorisation of farmers' variety.*- Notwithstanding anything contained in sub-section (6) of section 23 and section 28, where an essentially derived variety is derived from a farmers' variety, the authorisation under sub-section (2) of section 28 shall not be given by the breeder of such farmers' variety except with the consent of the farmers or group of farmers or community of farmers who have made contribution in the preservation or development of such variety.

*Section 44 - Exemption from fees.*- A farmer or group of farmers or village community shall not be liable to pay any fees in any proceeding before the Authority or Registrar or the Tribunal or the High Court under this Act or the rules made thereunder.

*Explanation.* - For the purposes of this section, "fees in any proceeding" includes any fees payable for inspection of any document or for obtaining a copy of any decision or order or document under this Act or the rule made thereunder.

*Section 45 - Gene Fund.*- (1) The Central Government shall constitute a Fund to be called the National Gene Fund and there shall be credited thereto –

- (a) the benefit sharing received in the prescribed manner from the breeder of (25 of 1961) variety or an essentially derived variety registered under this Act, or propagating material of such variety or essentially derived variety, as the case maybe;
- (b) the annual fee payable to the Authority by way of royalty under sub-section (1) of section 35;
- (c) the compensation deposited in the Gene Fund under sub-section (4) of section 41;
- (d) the contribution from any national and international organisation and other sources.

(2) The Gene Fund shall, in the prescribed manner, be applied for meeting--

- (a) any amount to be paid by way of benefit sharing under sub-section (5) of section 26;
- (b) the compensation payable under sub-section (3) of section 41;
- (c) the expenditure for supporting the conservation and sustainable use of genetic resources including in-situ and ex-situ collections and for strengthening the capability of the Panchayat in carrying out such conservation and sustainable use;
- (d) the expenditure of the schemes relating to benefit sharing framed under section 46.

*Section 46 - Framing of schemes, etc.*- (1) The Central Government shall, for the purposes of section 41 and clause (d) of sub-section (2) of section 45, frame, by notification in the Official Gazette, one or more schemes.

(2) In particular, and without prejudice to the generality of the provisions of sub-section (7), the scheme may



provide for all or any of the following matters,namely:-

- (a) the registration of the claims for the purposes of section 41 under the scheme and all matters connected with such registration;
- (b) the processing of such claims for securing their enforcement and matters connected there with;
- (c) the maintenance of records and registers in respect of such claims;
- (d) the utilization, by way of disbursal (including apportionment) or otherwise, of any amounts received in satisfaction of such claims;
- (e) the procedure for disbursal or apportionment by the Authority in the event of dispute regarding such claims;
- (f) the utilization of benefit sharing for the purposes relating to breeding, discovery or development of varieties;
- (g) the maintenance and audit of accounts with respect to the amounts referred to in clause(W).

### **Plant Varieties Protection Appellate Tribunal (Chapter VIII – Sections 54 to 59)**

*Section 54 – Tribunal.*- The Central Government may, by notification in the Official Gazette, establish a Tribunal to be known as the Plant Varieties Protection Appellate Tribunal to exercise the jurisdiction, powers and authority conferred on it by or under this Act.

*Section 55 - Composition of Tribunal.*- (1) The Tribunal shall consist of a Chairman and such number of Judicial Members and Technical Members as the Central Government may deem fit to appoint.

(2) A Judicial Member shall be a person who has for at least ten years held a judicial office in the territory of India or who has been a member of the Indian Legal Service and has held a post in Grade-II of that Service or any equivalent or higher post for at least three years or who has been an advocate for at least twelve years.

*Explanation.*- For the purposes of this sub-section,--

- (i) in computing the period during which a person has held judicial office in the territory of India, there shall be included any period, after he has held any judicial office, during which the person has been an advocate or has held the office of a member of a tribunal or any post, under the Union or a State, requiring special knowledge of law;
- (ii) in computing the period during which a person has been an advocate, there shall be included any period during which the person has held judicial office or the office of a member of a tribunal or any post, under the Union or a State, requiring special knowledge of law after he became an advocate.

(3) A Technical Member shall be a person who is an eminent agricultural scientist in the field of plant breeding and genetics and possesses an experience of at least twenty years to deal with plant variety or seed development activity, or who has held the post in the Central Government or a State Government dealing with plant variety or seed development equivalent to the Joint Secretary to the Government of India for at least three years and possesses special knowledge in the field of plant breeding and genetics.

(4) The Central Government shall appoint a Judicial Member of the Tribunal to be the Chairman thereof.

(5) The Central Government may appoint one of the Members of the Tribunal to be the senior Member thereof.

(6) The senior Member or a Member shall exercise such of the powers and perform such of the functions of the Chairman as may be delegated to him by the Chairman by a general or special order in writing.



**Section 56 - Appeals to Tribunal.**- (1) An appeal shall be preferred to the Tribunal within the prescribed period from any-

- (a) order or decision of the Authority or Registrar, relating to registration of a variety;or
- (b) order or decision of the Registrar relating to registration as an agent or a licensee of a variety;or
- (c) order or decision of the Authority relating to claim for benefit sharing;or
- (d) order or decision of the Authority regarding revocation of compulsory licence or modification of compulsory licence;or
- (e) order or decision of the Authority regarding payment of compensation, made under this Act or the rules made thereunder.

(2) Every such appeal shall be preferred by a petition in writing and shall be in such form and shall contain such particulars as may be prescribed.

(3) The Tribunal in disposing of an appeal under this section shall have the power to make any order which the Authority or the Registrar could make under this Act.

**Section 57 - Orders of Tribunal.**- (1) The Tribunal may, after giving both the parties to the appeal an opportunity of being heard, pass such orders thereon as it thinks fit.

(2) The Tribunal may, at any time within thirty days from the date of the order, with a view to rectifying the mistake apparent from the record, amend any order passed by it under sub-section (1), and make such amendment if the mistake is brought to its notice by the appellant or the opposite party.

(3) In every appeal, the Tribunal may, where it is possible, hear and decide such appeal within a period of one year from the date of filing of the appeal.

(4) The Tribunal shall send a copy of any order passed under this section to the Registrar.

(5) The orders of the Tribunal under this Act shall be executable as a decree of a civil court.

**Section 58 - Procedure of Tribunal.**- (1) The powers and functions of the Tribunal may be exercised and discharged by Benches constituted by the Chairman of the Tribunal from among the Members thereof.

(2) A Bench shall consist of one Judicial Member and one Technical Member.

(3) If the Members of a Bench differ in opinion on any point, they shall state the point or points on which they differ, and the case shall be referred to the Chairman for hearing on such point or points by one or more of the other Members and such point or points shall be decided according to the opinion of the majority of the Members who have heard the case, including those who first heard it.

(4) Subject to the provisions of this Act, the Tribunal shall have power to regulate its own procedure and the procedure of Benches thereof in all matters arising out of the exercise of its powers or the discharge of its functions, including the places at which the Benches shall hold their sittings.

(5) The Tribunal shall, for the purpose of discharging its functions, have all the powers which are vested in the Registrar under section 11, and any proceeding before the Tribunal shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228 and for the purpose of section 196 of the Indian Penal Code, and the Tribunal shall be deemed to be a civil court for all the purposes of section 195 and Chapter XXVI of the Code of Criminal Procedure, 1973.

(6) Notwithstanding anything contained in any other provisions of this Act or in any other law for the time being

in force, no interim order (whether by way of injunction or stay or any other manner) shall be made on, or in, any proceedings relating to an appeal unless –

- (a) copies of such appeal and of all documents in support of the plea for such interim order are furnished to the party against whom such appeal is made or proposed to be made; and
- (b) opportunity is given to such party to be heard in the matter.

**Section 59 - Transitional provision.**- Notwithstanding anything contained in this Act, till the establishment of the Tribunal under section 54, the Intellectual Property Appellate Board established under section 83 of the Trade Marks Act, 1999 shall exercise the jurisdiction, powers and authority conferred on the Tribunal under this Act subject to the modification that in any Bench of such Intellectual Property Appellate Board constituted for the purposes of this section, for the Technical Member referred to in sub-section (2) of section 84 of the said Trade Marks Act, the Technical Member shall be appointed under this Act and he shall be deemed to be the Technical Member for constituting the Bench under the said sub-section (2) of section 84 for the purposes of this Act.

### **Infringement (section 64 to 67)**

**Section 64 – Infringement.**- Subject to the provisions of this Act, a right established under this Act is infringed by a person- (a) who, not being the breeder of a variety registered under this Act or a registered agent or a registered licensee of that variety, sells, exports, imports or produces such variety without the permission of its breeder or within the scope of a registered licence or registered agency without permission of the registered licensee or registered agent, as the case may be;

(b) who uses, sells, exports, imports or produces any other variety giving such variety, the denomination identical with or deceptively similar to the denomination of a variety registered under this Act in such manner as to cause confusion in the mind of general people in identifying such variety so registered.

**Section 65 - Suit for infringement, etc.** (1) No suit-(a) for the infringement of a variety registered under this Act; or (b) relating to any right in a variety registered under this Act, shall be instituted in any court inferior to a District Court having jurisdiction to try the suit.

(2) For the purposes of clauses (a) and (b) of sub-section (1), “District Court having jurisdiction” shall mean the District Court within the local limits of whose jurisdiction the cause of action arises.

**Section 66 - Relief in suit for infringement.**- (1) The relief which a court may grant in any suit for infringement referred to in section 65 includes an injunction and at the option of the plaintiff, either damages or a share of the profits.

(2) The order of injunction under sub-section (1) may include an ex parte injunction or any interlocutory order for any of the following matters, namely:-

- (a) discovery of documents;
- (b) preserving of infringing variety or documents or other evidence which are related to the subject- matter of the suit,
- (c) attachment of such property of the defendant which the court deems necessary to recover damages, costs or other pecuniary remedies which may be finally awarded to the plaintiff.

**Section 67 - Opinion of scientific adviser.**- (1) When the court has to form an opinion upon any question of fact or a scientific issue, such court may appoint an independent scientific adviser to suggest it or to inquire into and report upon the matter to enable it to form the desired opinion.

(2) The scientific adviser may be paid such remuneration or expenses as the court may fix.

### **Infringement, Offences, Penalties and Procedure (Chapter X – Section 64 to 77)**

**Section 64 – Infringement.**- Subject to the provisions of this Act, a right established under this Act is infringed by a person-

- (a) who, not being the breeder of a variety registered under this Act or a registered agent or a registered licensee of that variety, sells, exports, imports or produces such variety without the permission of its breeder or within the scope of a registered licence or registered agency without permission of the registered licensee or registered agent, as the case maybe;
- (b) who uses, sells, exports, imports or produces any other variety giving such variety, the denomination identical with or deceptively similar to the denomination of a variety registered under this Act in such manner as to cause confusion in the mind of general people in identifying such variety so registered.

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- (a) discovery of documents;
- (b) preserving of infringing variety or documents or other evidence which are related to the subject- matter of the suit,
- (c) attachment of such property of the defendant which the court deems necessary to recover damages, costs or other pecuniary remedies which may be finally awarded to the plaintiff.

**Section 67 - Opinion of scientific adviser.**- (1) When the court has to form an opinion upon any question of fact or a scientific issue, such court may appoint an independent scientific adviser to suggest it or to inquire into and report upon the matter to enable it to form the desired opinion.

(2) The scientific adviser may be paid such remuneration or expenses as the court may fix.

### **Offences, Penalties and Procedure**

**Section 68 - Prohibition to apply denomination of (25 of 1961) registered variety.**- (1) No person other than the breeder of a variety registered under this Act or a registered licensee or a registered agent thereof shall use the denomination of that variety in the manner as may be prescribed.

(2) A person shall be deemed to apply the denomination of a variety registered under this Act who –

- (a) applies it to the variety itself;or
- (b) applies it to any package in or with which the variety is sold, or exposed for sale, or had in possession such package for sale or for any purpose of trade or production;or

- (c) places, encloses or annexes the variety which is sold, or exposed for sale, or had in possession for sale or for any purpose of trade or production, in or with any package or other thing to which the denomination of such variety registered under this Act has been applied; or
- (d) uses the denomination of such variety registered under this Act in any manner reasonably likely to lead to the belief that the variety or its propagating material in connection with which it is used is designated or described by the denomination; or
- (e) in relation to the variety uses such denomination in any advertisement, invoice, catalogue, business letter, business paper, price list or other commercial document and such variety is delivered to a person in pursuance of a request or order made by reference to the denomination as soused.

(3) A denomination shall be deemed to be applied to a variety whether it is woven in, impressed on, or otherwise worked into, or annexed or affixed to, such variety or to any package or other thing.

*Section 69 - Meaning falsely applying denominating of (25 of 1961) registered variety.*- (1) A person shall be deemed to falsely apply the denomination of a variety registered under this Act who, without the assent of the breeder of such variety,-

- (a) applies such denomination or a deceptively similar denomination to any variety or any package containing such variety;
- (b) uses any package bearing a denomination which is identical with or deceptively similar to the denomination of such variety registered under this Act, for the purpose of packing, filling or wrapping therein any variety other than such variety registered under this Act.

(2) Any denomination of a variety registered under this Act falsely applied as mentioned in sub-section (1), is in this Act referred to as false denomination.

(3) In any prosecution for falsely applying a denomination of a variety registered under this Act the burden of proving the assent of the breeder of such variety shall lie on the accused.

*Section 70 - Penalty for applying false denomination, etc.*- (1) Any person who –

- (a) applies any false denomination to a variety; or
- (b) indicates the false name of a country or place or false name and address of the breeder of a variety registered under this Act in the course of trading such variety, shall, unless he proves that he acted, without intent to defraud, be punishable with imprisonment for a term which shall not be less than three months but which may extend to two years, or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.

*Section 71 - Penalty for selling varieties to which false denomination is applied, etc.*- Any person who sells, or exposes for sale, or has in his possession for sale or for any purpose of trade or production of any variety to which any false denomination is applied or to which an indication of the country or place in which such variety was made or produced or the name and address of the breeder of such variety registered under this Act has been falsely made, shall, unless he proves –

- (a) that having taken all reasonable precautions against committing an offence against this section, he had at the time of commission of the alleged offence no reason to suspect the genuineness of the denomination of such variety or that any offence had been committed in respect of indication of the country or place in which such variety registered under this Act, was made or produced or the name and address of the breeder of such variety;

- (b) that, on demand by or on behalf of the prosecutor, he gave all the information in his possession with respect to the person from whom he obtained such variety; or
- (c) that otherwise he had acted innocently,

be punishable with imprisonment for a term which shall not be less than six months but which may extend to two years, or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.

*Section 72 - Penalty for falsely representing (25 of 1961) variety as registered.*-Whoever makes any representation with respect to the denomination of a variety or its propagating material or essentially derived variety or its propagating material not being variety or its propagating material or essentially derived variety or its propagating material registered under this Act, to the effect that it is a variety or its propagating material or essentially derived variety or its propagating material registered under this Act or otherwise represents any variety, or its propagating material, or essentially derived variety or its propagating material not registered under this Act to the effect that it is registered under this Act shall be punishable with imprisonment for a term, which shall not be less than six months but which may extend to three years, or with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees, or with both.

*Section 73 - Penalty for subsequent offence.*- Whoever, having already been convicted of an offence under this Act is again convicted of such offence shall be punishable for the second and for every subsequent offence with imprisonment for a term which shall not be less than one year but which may extend to three years, or with fine which shall not be less than two lakh rupees but which may extend to twenty lakh rupees, or with both.

*Section 74 - No offence in certain cases.*- The provisions of this Act relating to offences shall be subject to the right created as recognised by this Act and no act or omission shall be deemed to be an offence under the provisions of this Act if such act or omission is permissible under this Act.

*Section 75 - Exemption of certain persons employed in ordinary course of business.*- Where a person accused of an offence under this Act proves that in the ordinary course of his employment, he has acted without any intention to commit the offence and having taken all reasonable precautions against committing the offence charged, he had, at the time of the commission of the alleged offence, no reason to suspect the genuineness of the act so charged as an offence and on demand made by or on behalf of the prosecutor, he gave all the information in his possession with respect to the persons on whose behalf the offence was committed, he shall be acquitted.

*Section 76 - Procedure where invalidity of registration is pleaded by the accused.*- (1) Where the offence charged under this Act is in relation to a variety or its propagating material or essentially derived variety or its propagating material registered under this Act and the accused pleads that the registration of such variety or its propagating material or essentially derived variety or its propagating material, as the case may be, is invalid and the court is satisfied that such offence is prima facie not tenable, it shall not proceed with the charge but shall adjourn the proceedings for three months from the date on which the plea of the accused is recorded to enable the accused to file an application before the Registrar under this Act for the rectification of the Register on the ground that the registration is invalid.

(2) If the accused proves to the court that he has made such application within the time so limited or within such further time as the court for sufficient cause allow, the further proceedings in the prosecution shall stand stayed till the disposal of such application for rectification.

(3) If within a period of three months or within such extended time as may be allowed by the court, the accused fails to apply to the Registrar for rectification of the Register, the court shall proceed with the case as if the

registration were valid.

(4) Where before institution of a complaint of an offence referred to in sub-section (1), any application for the rectification of the Register concerning the registration of the variety or its propagating material or essentially derived variety or its propagating material, as the case may be, in question on the ground of invalidity of such registration has already been properly made to and is pending before the Registrar, the court shall stay the further proceedings in the prosecution pending the disposal of the application aforesaid and shall determine the charge against the accused in conformity with the result of the application for rectification.

*Section 77 - Offences by companies.*- (1) If the person committing an offence under this Act is a company, the company as well as every person in charge of, and responsible to, the company for the conduct of its business at the time of the commission of the offence shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or that the commission of the offence is attributable to any neglect on the part of any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

*Explanation.*- For the purposes of this section,-

- (a) “company” means any body corporate and includes a firm or other association of individuals; and
- (b) “director”, in relation to a firm, means a partner in the firm.

## Infringement

Following acts may be a case of infringement under the PPV&FR Act:

- If a person who is not a breeder of a variety registered under this act or a registered agent or a registered licensee of that variety, sells, exports, imports or produces such variety without the permission of its breeder or within the scope of a registered license or registered agency without their permission of the registered license or registered agent.
- If a person uses, sells, exports, imports or produces any other variety giving such variety, the denomination identical with or deceptively similar to the denomination of a variety already registered under this act in such a way that it causes confusion in the mind of general people in identifying the registered variety.

Varieties Open For Registration At The Moment:

- Black Gram
- Bread Wheat
- Cotton (Tetraploid)
- Cotton (Diploid)
- Chickpea

- Field pea/Garden pea
- Green Gram
- Jute
- Kidney bean/French bean
- Lentil
- Maize
- Pearl millet
- Pigeon pea
- Rice
- Sorghum
- Small Cardamom
- Sugarcane
- Turmeric
- Ginger
- Black Pepper
- Indian Mustard and Karan Rai
- Rapeseed
- Sunflower
- Safflower
- Castor
- Sesame
- Linseed
- Groundnut
- Soya bean
- Chrysanthemum

### LESSON ROUND UP

- Several forms of IPRs employed in the sector of agriculture attempts to address this issue. Here it is relevant to mention the prevalent legal mechanisms including patents, plant varieties protection, trademarks, trade secrecy rights and plant breeders' rights.
- India is among the first countries in the world to have passed legislation granting farmers' rights in the form of the Plant Varieties Protection and Farmers' Rights Act, 2001 (PVPFR). India's law is unique in that it simultaneously aims to protect both farmers' and breeders' rights.
- The Indian case assumes immense importance due to the country's lead in establishing a legal framework on Farmers' Rights and also significant as the Indian Gene Centre is recognized for its



native wealth of plant genetic resources

- The Government of India enacted “The Protection of Plant Varieties and Farmers’ Rights (PPV&FR) Act, 2001” thereby adopting a sui generis system.
- To implement the provisions of the PPV&FR Act, the Department of Agriculture and Cooperation, Ministry of Agriculture, established a body by the name of ‘Protection of Plant Varieties and Farmers’ Rights Authority’ in the year 2005 itself.
- The impact of bringing into effect, enforce and implement the Protection of Plant Varieties and Farmers’ Rights Act, 2001 can be seen in the way it has influenced the seed industry in India.
- Enforcement of legal protection for innovations in plant breeding by the plant breeders and traditional farming communities in producing suitable varieties, producing food, fodder, fibre, fuel and other commodities, provide an incentive for carrying out research, promote trade and regulate use of plant genetic resources.
- The provisions under the Protection of Plant Varieties and Farmers-Rights Act, 2001 on the subject of ‘Protection of Plant Varieties and Farmers’ Rights, Authority and Registry’ are contained in Chapter II (Sections 3 to 13) of the Act.
- The provisions regarding ‘Registration of Plant varieties and essentially derived variety’ are contained in Chapter III ranging from Section 14 to Section 23 of the Protection of Plant Varieties and Farmers-Rights Act, 2001.
- Criteria for Registration of a Variety
  - o **Novel:** if at the date of filing an application for registration for protection, the propagating or harvested material of such variety has not been sold or otherwise disposed of in India earlier than one year or outside India, in the case of trees or vines earlier than six years, or in any other case earlier than four years, before the date of filing such application.
  - o **Distinct:** A variety is said to be distinct if it is clearly distinguishable by at least one essential characteristic from any other variety whose existence is a matter of common knowledge in any country at the time of filing an application.
  - o **Uniform:** A variety is said to be uniform, if subject to the variation that may be expected from the particular features of its propagation it is sufficiently uniform in its essential characteristics.
  - o **Stable:** A variety is said to be stable if its essential characteristics remain unchanged after repeated propagation or, in the case of a particular cycle of propagation, at the end of each such cycle.
- Types of Varieties
  - o **New Variety:** A new variety can be registered under the Act if it conforms to the criteria for novelty, distinctiveness, uniformity and stability.
  - o **Extant variety:** An extant variety can be registered under the Act if it conforms to the criteria for distinctiveness, uniformity and stability. Thus novelty is not considered while going for the protection of plant varieties.
  - o The PPV&FRA under section 2(j)(iii) and (iv) defines “extant variety” as any variety “which is in public domain or about which there is a common knowledge.”

- o **Farmers' Variety:** Under section 2 (l) farmers variety means a variety "which has been traditionally cultivated and evolved by the farmers in their fields".
- o The maximum time taken for issuing certificate of registration is three years from the date of filing of the application for registration of a plant variety.
- Duration of Registration
  - o For trees and vines (Perennials) - 18 years from the date of registration of the variety.
  - o For other crops (Annuals) – 15 years from the date of registration of the variety.
  - o For extant varieties – 15 years from the date of notification of that variety by the Central Government under section 5 of the Seeds Act, 1966.
- Exemptions Provided By the Act
  - o **Farmers' Exemption:** Farmer shall be entitled to produce, save, use, sow, resow, exchange, share or sell his farm produce including seed of a variety protected under this Act.
  - o **Researcher's Exemption:** (i) the use of registered variety for conducting experiment. (ii) the use of variety as an initial source of variety for the purpose of creating other varieties.
- Surrender and Revocation of Certificate is dealt under Chapter V – Sections 33 To 38
- Infringement, Offences, Penalties and Procedure are dealt under Chapter X – Section 64 to 77

### SELF TEST QUESTIONS

*(These are meant for recapitulation only. Answers to these questions are not required to be submitted for evaluation).*

1. Write short note on constitution of Protection of Plant Varieties and Farmers' Rights Authority.
2. Define the term 'farmer' and 'farmers variety' as defined under Plant Varieties Protection and Farmers' Rights Act, 2001 (PVPFR)
3. Explain the functions of Protection of Plant Varieties and Farmers' Rights Authority.
4. Write a note 'National Register of Plant Varieties' kept under Plant Varieties Protection and Farmers' Rights Act, 2001 (PVPFR)
5. Mention the provisions related to 'Plant Varieties Protection Appellate Tribunal'
6. Write a Note on Farmers Rights as per provisions of Plant Varieties Protection and Farmers' Rights Act, 2001 (PVPFR)
7. Mention the situations under which the certificate can be Surrendered under the provisions of Plant Varieties Protection and Farmers' Rights Act, 2001 (PVPFR)
8. Mention the grounds on which the certificate can be revoked under the provisions of Plant Varieties Protection and Farmers' Rights Act, 2001 (PVPFR)



# Lesson 17

## Protection of Trade Secrets

### LESSON OUTLINE

- Introduction
- Trade Secrets Position and Protection in India
- Future of Trade Secret in India
- International Trade and Trade Secrets
- International Protection of Trade Secrets
- LESSON ROUND UP
- SELF TEST QUESTIONS

### LEARNING OBJECTIVES

Knowledge is what happens to information when human ingenuity is applied to it. Information alone does not confer competitive advantage. Knowledge does. It is human ingenuity that turns information into knowledge and gives it value. And it is this knowledge that is the underlying value of the intellectual property or capital of an organization—its relationships, know-how, confidential business information and trade secrets.

Today more than ever, intellectual property also includes confidential business information, trade secrets, know-how and key business relationships. The various statutes that have been enacted provide an adequate mechanism of protection to intellectual property rights. However, some ideas cannot be patented and indeed, some innovators do not want to patent their ideas as for instance trade secret or confidential information. If a trade secret is really kept a secret, the monopoly on an idea or product may never end. Once the information is leaked and goes into the public domain, it is lost forever.

Too often, beyond applying for patents on new inventions or trademarks on new brands, little real attention is paid to protecting or securing this less formal type of intellectual property and consequently the information goes into the hands of the rival competitors of the business enterprises. The study lesson explains the importance of trade secrets to the business enterprises whether small, medium or large and why this key strategic asset needs to be protected

## INTRODUCTION

A trade secret is any kind of information that is secret or not generally known in the relevant industry giving the owner an advantage over competitors. Generally, it has been stated that any information that can be used in the operation of a business or other enterprise and that is sufficiently valuable to afford an actual or potential economic advantage over others is a trade secret. Examples of trade secrets include formulas, patterns, methods, programs, techniques, processes or compilations of information that provide one's business with a competitive advantage.

The precise language by which a trade secret is defined varies by jurisdiction (as do the precise types of information that are subject to trade secret protection). However, there are three factors that (though subject to differing interpretations) are common to all such definitions: a trade secret is some sort of information that (a) is not generally known to the relevant portion of the public, (b) confers some sort of economic benefit on its holder (which means this benefit must derive specifically from the fact that it is not generally known, not just from the value of the information itself), and (c) is the subject of reasonable efforts to maintain its secrecy.

Trade secrets are not protected by law in the same manner as trademarks or patents. Probably one of the most significant differences is that a trade secret is protected without disclosure of the secret. A trade secret might be a patentable idea but not always. Unlike patent, a trade secret does not have to pass the test of novelty; nevertheless the idea should be somewhat new, unfamiliar to many people including many in the same trade.

Trade secrets are not registered like other forms of intellectual property and are not creatures of statutes. Instead, the judicial system of each country determines the requirements for obtaining trade secrets protection. In India, trade secrets are not covered under any law.

The TRIPS Agreement under Article 39 protects trade secrets in the form of “undisclosed information”, and provides a uniform mechanism for the international protection of trade secrets. Such information must be a secret, i.e. not generally known or readily accessible to person within the circles that normally deal with all kinds of information in question. Also, the information must have commercial value because it is secret and the information must be subject to reasonable steps by its owners to keep it secret.

TRIPS Agreement requires the member countries to provide effective remedies for trade secret misappropriation including:

- injunctive relief;
- damages; and
- provisional relief to prevent infringement and to preserve evidence.

Trade secrets are by definition not disclosed to the world at large. So long as trade secret remains a secret, it is valuable for the company. Once the information enters the public domain, it is lost forever. Therefore, companies should take every precaution to keep the information secret. Instead, owners of trade secrets seek to keep their special knowledge out of the hands of competitors through a variety of civil and commercial means, not the least of which is the employment or confidentiality agreements and/or non-disclosure agreements. In exchange for the opportunity to be employed by the holder of secrets, a worker will sign an agreement not to reveal his prospective employer's proprietary information. Often, he will also sign over rights to the ownership of his own intellectual production during the course (or as a condition) of his employment. Violation of the agreement generally carries stiff financial penalties, agreed to in writing by the worker and designed to operate as a disincentive to going back on his word. Similar agreements are often signed by representatives of other companies with whom the trade secret holder is engaged in licensing talks or other business negotiations.

If a trade secret is well protected, there is no term of protection. Trade secret protection can, in principle, extend indefinitely and in this respect offers an advantage over patent protection, which lasts only for a specified period. It is equally possible that a company may decide not to patent as for instance formula for Coca-Cola which is considered to be one of the best well protected trade secrets.

Companies often try to discover one another's trade secrets through lawful methods of reverse engineering on one hand and less lawful methods of industrial espionage on the other. Acts of industrial espionage are generally illegal in their own right under the relevant governing laws, of course. The importance of that illegality to trade secret law is as follows: if a trade secret is acquired by improper means (a somewhat wider concept than "illegal means" but inclusive of such means), the secret is generally deemed to have been misappropriated. Thus if a trade secret has been acquired via industrial espionage, its acquirer will probably be subject to legal liability for acquiring it improperly. (The holder of the trade secret is nevertheless obliged to protect against such espionage to some degree in order to safeguard the secret. As noted above, under most trade secret regimes, a trade secret is not deemed to exist unless its purported holder takes reasonable steps to maintain its secrecy.)

The test for a cause of action for breach of confidence in the common law world is set out in the case of *Coco v. A.N. Clark (Engineers) Ltd.*, (1969) R.P.C. 41:

- the information itself must have the necessary quality of confidence about it;
- that information must have been imparted in circumstances imparting an obligation of confidence;
- there must be an unauthorized use of that information to the detriment of the party communicating it.

The "quality of confidence" highlights the fact that trade secrets are a legal concept. With sufficient effort or through illegal acts (such as break and enter), competitors can usually obtain trade secrets. However, so long as the owner of the trade secret demonstrates that reasonable efforts have been made to keep the information confidential, the information remains a trade secret and is legally protected as such. Conversely, trade secret owners who do not demonstrate reasonable effort at protecting confidential information, risk losing the trade secret even if the information is obtained by competitors illegally. It is for this reason that trade secret owners shred documents and do not simply recycle them. Presumably an industrious competitor could piece together the shredded documents again. Legally the trade secret remains a trade secret because shredding the document is considered to have kept the quality of confidence of the information.

## TRADE SECRETS: POSITION AND PROTECTION IN INDIA

### Position of Trade Secrets in India

Trade Secrets seems to be a neglected field in India, as there is no enactment or policy framework for the protection of trade secrets. This form of intellectual property is a new entrant in India, but is nevertheless a very important field of IP. Protection of trade secrets is a very important and one of the most challenging tasks for the Indian government as this will enhance the foreign investment in India giving a boost to the Indian economy. Foreign investors have to be assured of the protection of their trade secrets, so that they can do business with our country. A proper policy for trade secret protection will further enhance the security in our own industry. Almost all the countries in the world have a policy for the protection of trade secrets and India also being a signatory to the TRIPS is under an obligation to amend its laws or create a new law in order to safeguard the trade secrets of various businesses. So a proper policy for the protection of trade secrets in India is the need of the hour in order to provide a sense of security among the foreign investors and the local businessmen regarding their trade secrets which will further boost the Indian economy.

## Protection of Trade Secrets in India

You might have heard about 'Non Disclosure Agreement (NDA)' or 'Confidentiality Agreement (CA)'. Usually such agreement precedes any other commercial agreement between two business entities entering into business for the first time as both are suspicious about each other as they are not aware of business ethics of each other. Such agreements are signed first before signing of any commercial agreement of substance involving critical business relation - be it for 'development of dies or moulds' or 'for sharing commercial designs' or for development of design of products or 'for mass production on contract basis' or assignment of patents / trade marks / other trade secrets under franchise agreements' or 'acquisition of any business' or 'technology transfer agreements'. These basic agreements for protection of trade secrets are covered under Indian Contract Act and Indian Penal Code. You also might have read about 'Confidentiality Clause'. This confidentiality clause is essential clause in almost every agreement signed by business entity with other stakeholders (including employees, vendors, distribution channels, professionals and others).

As mentioned above, in India, no substantive authoritative separate statute to deal with trade secrets. Even very few case laws are available to determine the nature or ambit of trade secrets. Some such decisions dissecting the trade secrets of various businesses are mentioned herein.

1. *American Express Bank Ltd. v. Ms. Priya Puri* (2006) III LLJ 540 (Del) Delhi High Court, in this case defined trade secrets as "... formulae, technical know-how or a peculiar mode or method of business adopted by an employer which is unknown to others."
2. *Michael Heath Nathan Johnson v. Subhash Chandra And Ors* (60(1995) DLT 757) and *John Richard Brady And Ors v. Chemical Process Equipments P. Ltd. And Anr* (AIR 1987 Delhi 372) took note of the contentions of the counsels who referred to English decisions to define trade secrets
3. *Mr. Anil Gupta and Anr. v. Mr. Kunal Dasgupta and Ors* (97 (2002) DLT 257) the Delhi High Court held that the concept developed and evolved by the plaintiff is the result of the work done by the plaintiff upon material which may be available for the use of anybody, but what makes it confidential is the fact that the plaintiff has used his brain and thus produced a result in the shape of a concept.

The legislations which are having a connection with the trade secrets can be summed up as

1. Copyright Act, 1957 [Section 51, 55 and 63]
2. The Designs Act, 2000
3. The Information Technology Act, 2000 [Section 65, 72]
4. Indian Penal Code [Section 408, 415]
5. The Indian Contract Act [Section 27]
6. The Competition Act, 2002 [Section 3]
7. Civil Procedure Code
8. Criminal Procedure Code

## FUTURE OF TRADE SECRETS IN INDIA

Since India is a signatory to the Paris Convention, it is relevant to mention that Article 1(2) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) states that intellectual property shall include protection of undisclosed information. Further, Article 39 of TRIPs states concerns ensuring effective protection against unfair competition as provided in Article 10bis of the Paris Convention, with respect to information which:



- is a secret not generally known or readily accessible;
- has commercial value by virtue of secrecy; and
- has been subjected to reasonable steps for ensuring its secrecy.

Article 39 states that member nations must ensure that natural and legal persons have the “possibility” of preventing such information, within their control, from being disclosed, acquired or used by others without their consent, in a manner contrary to honest commercial practice. It can be inferred that the “possibility” referred to implies that trade secrets should be accorded protection within the legal system and not necessarily in the IP legislative framework of the member nation.

The 1989 General Agreement on Tariffs and Trade discussion paper on India establishes that trade secrets cannot be considered IP rights, because the fundamental basis of an IP right rests in its disclosure, publication and registration, while trade secrets are premised on secrecy and confidentiality. The paper goes on to state that the observance and enforcement of secrecy and confidentiality should be governed by contractual obligations and the provisions of appropriate civil law, not by IP law.

On May 12 2016 India approved the National IP Rights Policy, which has seven objectives. One of these objectives is to ensure an effective legal and legislative framework for the protection of IP rights. The steps to be taken towards achieving this objective include the identification of important areas of study and research for future policy development; one such area identified was the protection of trade secrets.

In a discussion paper on IP rights at the subsequent US-India Trade Policy Forum held on October 20 2016 in New Delhi, India’s representatives noted that India protects trade secrets through a common law approach and reiterated the country’s commitment to the strong protection of trade secrets. It was agreed that a toolkit would be prepared for industry, especially small to medium-sized enterprises, to highlight applicable laws and policies that may enable businesses to protect their trade secrets in India. A training module on trade secrets for judicial academies may also be considered. A further study of various legal approaches to the protection of trade secrets will also be undertaken in India.

## **INTERNATIONAL TRADE AND TRADE SECRETS**

In technology transfer a trade secret may be far more valuable than a patent. Sometimes a trade secret is not really a secret and may not be of much value either. In a technology package some part is usually unprotected information, even so the best way of obtaining this unprotected information is to buy from the suppliers. Companies must be assured trade secret protection, which they are enjoying in their respective countries under the international licencing agreements. As mentioned earlier, the value of a trade secret lies in its secrecy. If a company cannot ensure protection of its trade secrets in a foreign country, it will not do business in that country. Every company should therefore, take some important measures to protect its trade secrets.

A checklist for the identification of potential trade secrets owned by a manufacturing company has been devised which inter alia includes:

- (i) Technical information/research and development;
- (ii) Proprietary technology information;
- (iii) Proprietary information concerning research and development;
- (iv) Formulas;
- (v) Compounds;

- (vi) Prototypes;
- (vii) Processes;
- (viii) Laboratory notebooks;
- (ix) Experiments and experimental data;
- (x) Analytical data;
- (xi) Calculations;
- (xii) Drawings- all types;
- (xiii) Digrams- all types;
- (xiv) Design data and design manuals;
- (xv) R&D reports-all types;
- (xvi) R&D know-how and negative know-how (i.e. what does not work);
- (xvii) Production/ process information;
- (xviii) Proprietary information concerning production/process etc.

Some experts suggest that it may be prudent for the companies to conduct an intellectual property audit to identify the protectable business information. This will help the companies to assess the value of the information useful for their business. The intellectual property audit is the starting point for the development of a trade secrets protection programme as company's portfolio of trade secrets is constantly changing. Some information becomes obsolete, new information is created which is extremely valuable and may be protected.

Once the audit is complete, the next step is to determine appropriate level of security necessary to protect different types of trade secret. There are six factors which need to be taken into consideration while determining whether information owned or used by a company is a trade secret in terms of the necessary level of security to ensure adequate protection of those trade secrets. These are:

- The extent to which the information is known outside the company.
- The extent to which the information is known by employees and others involved in the company.
- The extent of measures taken by the company to guard the secrecy of the information.
- The value of the information to the company and the competitors.
- The expenditures by the company (time, money, effort) in developing the information.
- The ease or difficulty with which the information could be properly acquired or duplicated by others.

## INTERNATIONAL PROTECTION OF TRADE SECRETS

Trade Secrets have been provided protection by a large number of agreements and countries throughout the world. For e.g.: -

### NAFTA

Member countries must protect trade secrets from unauthorized acquisition, disclosure or use. Remedies must include injunctive relief and damages. In response to NAFTA, Mexico has amended its 1991 trade secrets law to permit private litigants to obtain injunctive relief.

## GATT

On April 15, 1994, the major industrialized nations of the world, including the United States, concluded the Final Act resulting from the Uruguay Round of GATT (General Agreement on Tariffs and Trade). GATT established the World Trade Organization (WTO) and promulgated various trade-related agreements including TRIPS or the Trade-Related Aspects of Intellectual Property Rights.

Under GATT, “undisclosed information” must be protected against use by others without the consent of the owner if the use is contrary to honest commercial practices. Also, there is third-party liability for misappropriation if third parties knew or were grossly negligent in not knowing that such information had been obtained dishonestly.

## TRIPS

The TRIPS makes it obligatory on member states to ensure Protection of Undisclosed Information under Article 39 of the Agreement.

The TRIPS Agreement also requires member countries to provide effective remedies for trade secret misappropriation including (a) injunctive relief (b) damages and (c) provisional relief to prevent infringement and to preserve evidence.

## Brazil

In 1996, Brazil revamped its intellectual property laws. Trade secrets are protected under the rubric of “unfair competition.” Borrowing from U.S. law, a variant of the Section 757 (6-factor) test is used to determine whether a particular piece of information qualifies as a trade secret, Common knowledge, knowledge in the public domain, or knowledge that is apparent to an expert in the field cannot qualify for protection as trade secrets. The trade secret owner must take positive steps to safeguard the secrecy of the information.

The full panoply of relief is available--compensatory damages, punitive damages and injunctions. There are also criminal sanctions available against anyone who releases, exploits, or uses without authorization a trade secret to which he or she had access by virtue of a contractual or employment relationship.

## Japan

Effective June 15, 1991, Japan enacted a national trade secrets law. Trade secrets include any “technical or business” information that has commercial value, is not in the public domain, and which has been “administered” as a trade secret. Infringement occurs when a person procures a trade secret, by theft, fraud, or extortion or when there is an unauthorized use or disclosure of a lawfully acquired trade secret for unfair competition. An injured party may obtain injunctive relief and damages. The trade secret holder may also request destruction of any articles that have been manufactured as a result of the illegally obtained trade secret. The statute has similarities to the Uniform Trade Secrets Act. For sample, there is a 3-year statute of limitations after discovery of the trade secret violation. There are no criminal penalties in the statute.

## China

The Law of the People’s Republic of China (PRC) against Unfair Competition (Unfair Competition Law) was promulgated by the State Council in September 1993 and became effective on December 1, 1993. This is China’s first trade secret law. The term “trade secrets” is defined as technical and management information that is unknown to the public, can bring economic benefits, is of practical value, and for which the rightful party has adopted measures to maintain its confidentiality. Article 10 of The Unfair Competition Law prohibits business operations from engaging in certain acts and the law also provides for the remedies in case of infringement of

trade secrets.

## Korea

In 1991, Korea also amended its laws to provide statutory protection for trade secrets. This law, effective December 15, 1992, was enacted during US litigation between GE and a Korean firm that had acquired GE trade secrets from a former GE employee. See *General Electric Co. v. Sung*, 843 F. Supp. 776 (D. Mass. 1994). The revised Unfair Competition Prevention Act (UCPA) defines trade secrets and Misappropriation (“infringing” acts).

## Israel

Israel has a criminal statute (Penal Law 1977 Section 496) prohibiting the disclosure of trade secrets by an employee. Employee contracts enjoin employees from using trade secrets and industrial know-how. There is an implied obligation of confidentiality between employers and employees.

Besides the abovementioned countries many more countries like United Kingdom, Canada, Mexico, France, Germany, Czech Republic, Hong Kong etc. provide protection for trade secrets, or confidential or undisclosed information through their various old and new laws.

## LESSON ROUND UP

- A trade secret is any kind of information that is secret or not generally known in the relevant industry giving the owner an advantage over competitors.
- Unlike patent, a trade secret does not have to pass the test of novelty; nevertheless the idea should be somewhat new, unfamiliar to many people including many in the same trade.
- Trade secrets are not protected by law in the same manner as trademarks or patents. In India, trade secrets are not covered under any law.
- The TRIPS Agreement provides protection to trade secrets in the form of “undisclosed information” providing a uniform mechanism for the international protection of trade secrets.
- Trade secrets are by definition not disclosed to the world at large. So long as trade secret remains a secret, it is valuable for the company. As for instance formula for Coca-Cola which is considered to be one of the best well protected trade secrets. Once the information enters the public domain, it is lost forever.
- If a trade secret is well protected, there is no term of protection. Trade secret protection can, in principle, extend indefinitely and in this respect offers an advantage over patent protection, which lasts only for a specified period.

## SELF TEST QUESTIONS

*These are meant for re-capitulation only. Answers to these questions are not to be submitted for evaluation.*

1. What is a Trade Secret?
2. How are Trade Secrets protected?
3. How long can Trade Secrets protection last? Is there any legislation governing trade secrets in India?
4. The TRIPS Agreement provides protection to trade secrets. Explain.
5. What causes a business to lose Trade Secret protection?

[illegible]



# Lesson 18

## Key Business Concerns in Commercializing Intellectual Property Rights

### LESSON OUTLINE

- Competition and Confidentiality Issues
- Antitrust Laws
- Assignment of Intellectual Property Rights
- Technology Transfer Agreements
- Intellectual Property Issues in the Sale of Business
- Care and Maintenance of Confidential Information
- Legal Auditing of Intellectual Property
- Due Diligence of Intellectual Property Rights in a Corporate Transaction
- Management and Valuation of Intellectual Property
- Approaches and Methods for the Valuation of Intangibles
- LESSON ROUND UP
- SELF TEST QUESTIONS

### LEARNING OBJECTIVES

Effective management of intellectual property enables companies to use their intellectual property rights to improve their competitiveness and strategic advantage. Acquiring intellectual property protection is crucial, but its effective management provides much more than just protection to an enterprise's inventions, trademarks, designs, copyright or other allied rights.

Exploitation of intellectual property rights can take many forms, ranging from outright sale of an asset, a joint venture or a licensing agreement. Inevitably, exploitation increases the risk assessment.

Valuation is, essentially, a bringing together of the economic concept of value and the legal concept of property. The presence of an asset is a function of its ability to generate a return and the discount rate applied to that return.

Acceptable methods for the valuation of identifiable intangible assets and intellectual property fall into three broad categories. They are market based, cost based, or based on estimates of past and future economic benefits.

The study lesson provides an exposure to the students about the management and valuation of intellectual property assets.



## INTELLECTUAL PROPERTY AND COMPETITION LAW: AN INTERFACE

Competition law and IP laws are important elements of the legal system that provides a framework for the modern economy. IP law seeks to create monopolies while competition law seeks to prevent monopolistic behavior. On one hand it is necessary to create monopolies through IP law to incentivize innovation and creation, on the other hand there is an important necessity to keep the markets competitive. In the highly competitive world, where a fair competition as well as protection of IPRs are required to serve the growth to business, it becomes essential to understand the relations between Intellectual Property Rights and Competition Laws.

IP laws and competition laws can be seen as complementary rather than conflicting because both the laws share the same fundamental goals of enhancing consumer welfare and promoting innovation. IP protection provides incentives for innovation and technological diffusion, which in itself is an important source of more innovations further enhancing consumer welfare

The relationship of these two branches of law could be understood more clearly as below<sup>1</sup>:

### TRIPS in relation to IPR & Competition law

The Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) is an international agreement administered by the World Trade Organization (WTO) that sets down minimum standards for many forms of intellectual property (IP) regulation as applied to nationals of other WTO Members. TRIPS Agreement provides scope for the enforcement of competition law vis-à-vis anti- competitive licensing practices and conditions.

Article 8.2 of TRIPS provides general recognition that appropriate measures may be needed to prevent the abuse of intellectual property rights by rights holders.

Article 31 of TRIPs provides for the grant of compulsory licenses, under a variety of situations, such as the interest of public health, national emergencies, nil or inadequate exploitation of the patent in the country, anti-competitive practices by the patentees or their assignees and overall national interests. However the drawback related with this provision is that the Agreements, however, do not restrict the freedom of members to determine the grounds for compulsory licenses other than those explicitly mentioned therein (with the only exception being semiconductor technology which can only be subject to compulsory licenses for public noncommercial use and to remedy anti-competitive practices). Diverse grounds are therefore to be determined by respective national laws.

Article 40 provides detailed conditions for the granting of compulsory licenses aimed at protecting the legitimate interests of rights holders.

“Members agree that some licensing practices or conditions pertaining to intellectual property rights which restrain competition may have adverse effects on trade and may impede the transfer and dissemination of technology.”

This sub-clause recognizes that licensing practices that restrain competition may have adverse effects on trade. This sub-clause permits members to specify anti-competitive practices constituting abuses of IPRs and to adopt measures to prevent or control such practices. Such practices may include exclusive grant backs, clauses preventing validity challenges and coercive package licensing.

Nothing in this Agreement shall prevent Members from specifying in their legislation licensing practices or Intellectual Property Rights conditions that may in particular cases constitute an abuse of intellectual property rights having an adverse effect on competition in the relevant market.

1. See, Donnie (2014), *Important Issues in IPR and Competition Law*, Ipleader.

Hence, as provided above, a Member may adopt, consistently with the other provisions of this Agreement, appropriate measures to prevent or control such practices, which may include for example exclusive grant back conditions, conditions preventing challenges to validity and coercive package licensing, in the light of the relevant laws and regulations of that Member.

### **Recognition of IPR in the competition law**

The Competition Act, 2002 in India recognizes the importance of IPRs such as patents, Copyrights, trademarks, geographical indications, industrial designs and integrated circuit designs. Also, Section 3 of the Competition Act prohibits anti-competitive agreements, Section 3(5) lays down that this prohibition shall not restrict “the right of any person to restrain any infringement of or to impose reasonable conditions, as may be necessary for protecting any of his rights” enjoyed under the statutes relating to the above mentioned IPRs. Hence, this clearly implies that unreasonable conditions imposed by an IPR holder while licensing his Intellectual property rights would be prohibited under the Competition Act.

### **Relationship of Competition Law and Intellectual Property Law**

Competition law maximizes social welfare by condemning monopolies while intellectual property law somehow also does the same by granting only temporary monopolies (restricted to pre-decided time frames). And after completion of such time frame competition replaces temporary monopolies. The rationale behind this approach is that the intellectual property law should provide economically meaningful monopolies. Otherwise, competition law which by itself does not condemn the mere possession of monopoly power, but rather certain exercises of or efforts to obtain it, might be allowed to interfere with the monopoly. Hence, there should be reasonable exercise of the monopoly power in order to protect the consumer’s interest, otherwise competition law would surely hinder the practices of the monopoly market.

## **ASSIGNMENT OF INTELLECTUAL PROPERTY RIGHTS**

The intellectual property assignment is a transfer of an owner’s rights, title and interest in certain intellectual property rights. The transferring party (“assignor”) transfers to the receiving party (“assignee”) its property in intellectual property rights, such as patents, trademarks, industrial designs and copyrights.

The owner of the intellectual property rights may transfer all or part of his rights - e.g. the copyright owner could assign only some of his economic prerogatives. The transfer of intellectual property rights is made upon a payment of a lump sum or royalties.

Unlike license agreements, which grant permission to use intellectual property under certain conditions, as a general rule assignments are transfers of property rights, with no conditions under which the rights will be used.

**For Trademarks:** An assignment is a transfer of ownership of a trademark application or trademark registration from one entity to another.

### **Assignment under the Trademarks Act 1999**

An assignment of a trademark must be in writing and with the consent of the Registrar under the Trademarks Act, 1999 (hereinafter referred to as “Trademark Act”). A registered/unregistered proprietor can assign a trademark with or without goodwill. An assignment is usually required to be made for a consideration. The application, which is in a prescribed format, can be submitted by either the Assignee or together with the Assignor, before the Registrar of Trademarks for registering the title of a person who becomes entitled by assignment to a registered trademark. The Assignee, after the assignment is complete, must apply to the Registrar of Trademarks to register his/her title and the Registrar enters the name and details of the Assignee in the Register on proof of

title, to his satisfaction. However, under certain circumstances an assignment cannot be enforced, namely (a) if an assignment will create multiple exclusive rights in more than one person; (b) if an assignment will create multiple exclusive rights in different parts of India.

**For Patents:** An assignment involves the sale and transfer of ownership of a patent by the assignor to the assignee.

### Assignment under Patents Act 1970

A patentee may assign the whole or any part of the patent rights to the whole of India or any part thereof. There are three kinds of assignments: legal assignment, equitable assignment and mortgages. An assignment (or an agreement to assign) of an existing patent is a legal assignment, where the assignee may enter his name as the patent owner. A certain share given to another person is called an equitable assignment and a mortgage is when the patent rights are wholly or partly transferred to obtain money.

A valid assignment under the Patents Act requires the assignment to be in writing, to be contained in a document that embodies all terms and conditions and must be submitted within six months from the commencement of the Act or the execution of the document whichever is later.

**For Copyright:** An assignment is a transfer of the copyright owner's economic rights. In contrast to the economic rights under copyright, moral rights cannot be sold or assigned to another person (moral rights are the right to be identified as the author of the work or to object to derogatory treatment or to a distortion or mutilation of the work, to protect the personality and reputation of authors).

### Assignment under Copyright Act 1957

A right to assign work under the Copyright Act 1957 (hereinafter referred to as 'Copyright Act') arises naturally when the work comes into existence. However, certain rights are specific to certain types of subject matter/work. Further an author/owner is entitled to multiple rights broadly categorised as Economic and Moral rights. The owner of a copyright may grant an interest in the copyright by a License.

The Act prescribes that a prospective owner of a copyright in future work may assign the copyright, to any person, either wholly or partially, although the assignment shall take effect only when the work comes into existence.

The requirements for an assignment to be enforced are:

- (a) It must be in writing.
- (b) It should be signed by the Assignor.
- (c) The copyrighted work must be identified and must specify the rights assigned.
- (d) It should have the terms regarding revision, royalty and termination.
- (e) It should specify the amount of royalty payable, if any, to the author or his legal heirs.
- (f) In the event the Assignee does not exercise the rights assigned to him within a period of one year, the assignment in respect of such rights is deemed to have lapsed unless otherwise specified in the Agreement.
- (g) If the period of assignment is not stated, it is deemed to be five years from the date of assignment, and if no geographical limits are specified, it shall be presumed to extend within India.

## **TECHNOLOGY TRANSFER AGREEMENT**

Exponential Growth of Technology in India has played a significant role in all round development and growth of economy in our country. Technology can either be developed through own research and development or it can be purchased through indigenous or imported sources. India has opted for a judicious mix of indigenous and imported technology. Purchase of technology is commonly called “Technology transfer” and it is generally covered by a technology transfer agreement.

‘Technology transfer’ means the use of knowledge and when we talk about transfer of the technology, we really mean the transfer of knowledge by way of an agreement between the states or companies. ‘Transfer’ does not mean the movement or delivery; transfer can only happen if technology is used. So, it is application of technology and considered as process by which technology developed for one purpose is used either in different applications or by a new user.

Technology generally would comprise the following elements:

- Process Know how
- Design Know how
- Engineering know how
- Manufacturing know how
- Application Know how
- Management know how

## **POLICY FOR FOREIGN TECHNOLOGY AGREEMENTS**

### **Procedures for Approvals of Foreign Technology Agreements-Sec 39C**

- The high priority industries would be given automatic approval under the norms of RBI, for foreign technology agreements, subject to a maximum limit of payments up to `1 crore.
- The royalty to be paid is restricted to 5 % in case of domestic sales, 8 % in case of exports and total payment should be 8 % on sales for a period of 10 years
- The royalty period should not exceed 7 years from the date of starting of the business or 10 years from the date mentioned in the agreement
- The royalty rates would be calculated in accordance with the standardized methods
- Industries apart from high priority ones would be allowed by the means of automatic approval in case no free foreign exchange is required in case of payments.
- Any other kinds of proposals would require particular approval under the general procedures
- Permissions pertaining to foreign testing of developed technological applications, employing foreign technicians
- The manufacturing and products should be compliant with the small scale industries
- In the case of an extension of the foreign technology collaboration agreements which had been automatically approved earlier.

### Automatic Approval

The Reserve Bank of India, through its provincial offices, concurs automatic approval to all ventures for foreign technology joint effort agreements subject to

1. The singular amount payments not surpassing the US \$ 2 Million;
2. Royalty payable being constrained to 5 for every penny for household deals and 8 for each penny for fares, subject to an aggregate installment of 8 for each penny on deals over a 10-year time span; and
3. The period for installment of royalty not surpassing 7 years from the date of initiation of business creation, or 10 years from the date of assertion, whichever is prior (The aforementioned royalty points of confinement are net of duties and are computed by standard conditions)

Installment of royalty up to 2% for fares and 1% for household deals is permitted under automatic route on the utilization of trademarks and brand name of the foreign teammate without technology transfer. If there should be an occurrence of technology transfer, installment of royalty subsumes the installment of royalty for utilization of trademark and brand name of the foreign colleague. Royalty on brand name/exchange check should be paid at a rate of net deals, viz., net deals fewer operators'/merchants' bonus, transport cost, including sea cargo, protection, obligations, charges and different charges, and cost of crude materials, parts, and segments imported from the foreign licensor or its auxiliary/associated organization.

Installment of royalty up to 8% on fares and 5% on local deals by entirely possessed backups (WOS) to offshore parent organizations is permitted under the automatic route with no limitation on the length of royalty payments.

### Government Approval

For the accompanying classifications, Government approval would be fundamental:

- Proposals pulling in obligatory permitting
- Items of produce reserved for the little scale part
- Proposals including any past joint wander, or technology transfer/trademark understanding in the same or partnered field in India. The meaning of 'same' and 'partnered' field would be according to 4 digits NIC 1987 Code and 3 digit NIC 1987 Code.
- Extension of foreign technology joint effort agreements (counting those cases, which may have gotten automatic approval in the main instance)
- Proposals not meeting any or the majority of the parameters for automatic approval.

The things of foreign technology coordinated effort, which are qualified for approval through the automatic route, and by the Government are technical ability charges, installment for outline and drawing, installment for designing administration and royalty. Payments for enlisting of foreign specialists, assignment of Indian professionals abroad, and testing of indigenous crude material, items, and indigenously created technology in foreign nations are represented by discrete RBI methods and governs and are not secured by the foreign technology cooperation approval. Essentially, payments for imports of plant and apparatus and crude material are additionally not secured by the foreign technology coordinated effort approval. For any of these things, business visionaries may contact the RBI.

### Government Approval – Project Approval Board (PAB)

Royalty installment in the accompanying cases requires earlier Government approval (through PAB when just

technical cooperation is proposed and FIPB where both money related and technical joint effort are proposed):

1. Sectors/exercises which are not on the automatic route for FDI, or
2. Proposals not meeting any of the parameters for automatic approval.
3. Proposals for foreign technology transfer/coordinated effort not secured under the automatic route should consider by the PAB in the Bureau of Industrial Policy and Promotion. Application in such cases has submitted in Form FC-IL to the secretary for modern Assistance.
4. The earlier arrangement uninhibitedly permitted payments and settlements up to a lump sum charge of \$2million and royalty payments of 5% on household deals and 8% on fares. Payments over this required administrative approval. The new strategy evacuates any such limitations on payments for royalty, lump sum expense for transfer of technology and payments for utilization of trademark/brand name and puts it on the automatic route i.e. with no approval of the Government of India. The unwinding of the decades-old approach is a piece of advancement and deregulation of Indian foreign investment administration, which is functioning admirably for India considering that even in 2008, with the world in a monetary droop, India pulled in over \$25billion in foreign investment. Unlimited foreign joint effort agreements in the field of technology gives less demanding access to the most recent technology from around the globe and in this way are significantly advantageous for the advancement of India's own technology enterprises.

## LEGAL AUDITING OF INTELLECTUAL PROPERTY

IP audit has been defined as a systematic review of the IP owned, used or acquired by a business so as to assess and manage risk, remedy problems and implement best practices in IP asset management.

IP Audit is a tool which is mostly used by the companies to take into account the intangible assets which they have generated / developed in the certain span of time. Though the IP is intangible in nature, but it contributes to a very crucial core value of the company, i.e. the goodwill which they brand has in the market. Tentatively speaking the goodwill of the IP is one of the crucial reasons for which the industries acquire protection. This goodwill thus generated is then represented as the consumer preference and the acceptability of the brand in the market which is now a major reason for generating revenue.

Keeping in mind the changing times and given the digital society we live in, the companies have never been more aggressive regarding their promotion, advertisements and collaborations regarding their products. This has thus resulted them to start delving into the wilderness of the market which makes them susceptible to damage/threats and other legal challenges. The scenario thus has presented an alarming need, which needs the IP owners to be more aggressive and well prepared before an actual impact is caused.<sup>2</sup>

### Function of IP Audit

The IP Audit follows the SWOT analysis process as below:

1. S – Strength: To assess the strongest and safest points of the IP of the owner. This could range from the goodwill of the product to the well framed legal and comprehensive protection which would be the best asset of the owner.
2. W – Weakness: One of the major aims of the IP Audit is to identify the weak spots and loose ends which would be the possible breeding grounds to future legal disputes. The Audit would help the owner, to prepare well in advance and also help them to devise a full proof mechanism to overcome such

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2. See, Nemana Martand, (2017) *Singh and Associates, Intellectual Property Audit*, Mondaq.

abnormalities.

3. – Opportunities: IP audit can also be seen as preparation which the owner carries out to assess the present situation before proceeding to take any further actions. The owner of an IP could also undertake such preparatory measures before proceedings to use their IP to generate revenues, like licensing, tech – transfer and leasing.
4. T – Threats: The intangible rights being vulnerable and frail are always defenseless without proper protection and legal enforcements. Given the highly digital and technologically advanced competitive market threats to the IP have been imminent and thus the IP Audit serves at timely interval serves the owner to entail and trace the source of possible conflict and take adequate measure to avert it.

### Method of IP Audit

‘Audit’ in normal parlance, refers to a detailed, formal examination and verification of the accounts and processes of an enterprise, which is undertaken to understand the overall picture of its financial position and good standing in the market. An audit is followed by a report on the findings of the diligence, which can be used by the enterprise for planning the future growth of business.

In order to conduct an IP Audit, it is most important to identify and determine in advance to the desired objective of the audit. The major scope of preparing an action plan would depend upon the following grounds:

1. Duration of the company in the market,
2. Geographical presence and jurisdictions in which the company operates in.
3. Size of the company and the amount of subsidiaries involved
4. Creating a target plan to achieve the milestones and meet crucial deadlines in order to harness the complete potential of the IP of the company.

Once, the aforesaid guidelines have been set, it is then important to procure the relevant information relating to the IP of the company, which can be briefly devised into the following criterions:

1. Collating information about the global IP presence of the company in forms of various filings and existing registrations;
2. Various contractual, licensing and R&D contracts which the company might have taken in relation its existing IP;
3. The classification of the existing IP and to understand the future prospects of developing the same;
4. Legal encumbrances, involvements and responsibilities of the company as a whole which may affect the profile of the company and its intellectual property.

Through various embodiments the IP audit affective provides an assessment over the following concerns:

1. To identify the scope of the present and to create a future profile for the tangible assets of the company.
2. To reinforce the IP protection mechanism and device secure portfolio to avoid legal conflicts.
3. To identify the idle IP and to set them in process and to harness them as a potential.
4. To assess the financial equivalent of the assets and to be able to use them as leverage or guarantee with other financial institutions.
5. To foresee and steer clear of any risks or unwanted litigation which may evolve or affect the functioning



and profile of the applicant in the market.

6. To reduce unnecessary cost and legal expenses.

### **Types of IP Audit**

An audit can be classified on the scope and reason for which the audit has been carried out. It is broadly classified into the following types:

1. General: Mostly carried out as a part of the general audit which the company should undertake time to time, to assess and evaluate the value of their assets.
2. Specific: Mostly carried out in order to pin point and identify the crucial area which might be either about an existing right or a right which may be procured in the near future.

### **DUE DILIGENCE OF INTELLECTUAL PROPERTY RIGHTS IN A CORPORATE TRANSACTION**

The strength of a company's intellectual property portfolio often drives the value of corporate transactions. Regardless of whether you are the target company or the buyer in a business transaction involving IP, the due diligence process should be designed to reveal the value of the intangible assets—patents, trademarks, copyrights and trade secrets. IP due diligence should ideally be conducted at the onset of negotiations. This not only allows a more reasoned value of the IP to be determined, but also enables proactive corrective action if any legal concerns are identified that may affect the value of the IP.<sup>3</sup>

IP due diligence typically begins with a fact-based investigation to answer two questions.

1. What are the products or services involved with this transaction?
2. Does the existing IP cover those products or services?

To answer the initial questions, the various products or services must be inventoried and the IP must be carefully reviewed to determine whether it includes those assets. By keeping the investigation focused on the relationship between the products of interest and the relevant IP, the investigation should remain on a path that parallels the goals and objectives of the transaction.

After documenting the IP, the investigation turns to focus on one or a combination of the following legal analyses:

1. Freedom-to-operate consideration
2. Scope-of-protection, validity and enforceability concerns
3. Ownership issues

The substance of each aspect of the legal analysis is briefly discussed below.

### **Freedom to Operate**

A freedom-to-operate analysis evaluates whether or not the buyer will be able to make, use and/or sell the target company's products or services, if acquired, without infringing the IP rights of a third party. This analysis identifies potential legal obstacles, such as valid patent claims of others that may be infringed and therefore stand in the way of using the target company's IP. If potential blocking patents are identified, a more detailed analysis will likely be warranted.

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3. Peterson Kyle (2016), *IP Due Diligence Considerations in Corporate Transactions*, Patterson thunte.

### Scope, Validity and Enforceability

The scope, validity and enforceability analyses determine the scope of protection and strength of coverage of the target company's assets. For example, determining the scope and validity of a patent begins with construing the claims. Validity assessments usually include evaluation of the novelty and non-obviousness of a patent's claims, compliance with formal requirements such as the written-description, enablement, and best-mode requirements, as well as judicially created doctrines like obviousness-type double patenting. Enforceability, centers on inequitable conduct and the compliance by the inventors, assignee and prosecuting counsel with the duty of disclosure. Concerns about the validity of key patents, the narrow scope of important claims, or about possible inequitable conduct, may result in a reduced valuation of the IP in the transaction. These issues may or may not be deal breakers, depending on their significance to the overall objectives of the transaction and their ability to be managed or addressed.

### Ownership

Ownership is often one of the first issue explored in an IP due-diligence investigation since it can be a deal-breaker. A series of questions are often asked about each piece of IP to establish the target company's rights in it and whether those rights are free of any encumbrances and can be clearly transferred. Initial questions may include:

1. Who are the inventors?
2. Did those inventors properly assign the IP rights to the target entity?
3. What are the target's entity rights to transfer and assign?
4. Are there governmental rights from funding?
5. Have there been any third-party challenges to those rights?

*In order to effectively comply with the above requirements in an organized manner, the following steps should be followed while conducting an IP due diligence exercise<sup>4</sup>*

1. Set a proper IP due diligence team – every legal due diligence team should have intellectual property experts, based on the quantity and nature of target's intangible assets, who should look into all intricacies relating to relevant IP for the transaction; in case the target is technology-heavy, a patent expert from the same domain as the target must be included in the due diligence team.
2. Prepare and send an IP due diligence checklist – the first and foremost step of the due diligence exercise is to send out a requisition checklist to the target; this should also contain a checklist of information required to understand the target's business and its existing protected and protectable IP rights; specific questions on registered and pending applications for patent and design rights should be incorporated; additionally, information regarding brand identities, whether registered, applied for, merely used or created should be sought for in order to determine the applicability of copyrights and trademark rights over the same; questions must also be included for seeking details on the proprietorship aspects from the target.
3. Separate the IP assets of the target relevant for the transaction from irrelevant ones – at the outset, segregate IP rights or protectable intangible assets relevant for the transaction from those which are not so; this should be done as soon as the preliminary perusal of the target's business assets is done; at times, there could be associated and/or supplementary IP rights involved in addition to the main IP

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4. Verma and Katarki (2015), *Intellectual Property Due Diligence*, IndusLaw.

rights; the IP due diligence should highlight the importance of connecting such additional IP rights with the main IP rights for the transaction; this will ensure that the focus of due diligence for the transaction is clearly set.

4. Read all documents carefully - read and further read all the documents, whether they are registration documents or agreements in the nature of licensing and franchising agreements, consultancy agreements, technology transfer agreements, and the like as well as other contracts where IP clauses are included, like joint venture agreements, master services agreements, employment agreements, received from the target from the IP perspective.
5. Requisition for additional information based on the information – after understanding the nature of the target's relevant IP assets, and preliminary perusal of the documents and information provided thereby and available generally from its end, further information, documents and clarifications should be sought regarding relevant IP of the target; this should be done with a view to not only verify the already-available information provided by the target, but also to ascertain relevant IP protectable intangible subject matter that could be analyzed further for its potential protection.
6. Verify facts and confirm information received from the target – in respect of any information that has been provided by the target, whether at the outset or upon being requested for the same, it is the duty of the due diligence team to verify the same by themselves; in case of contradictory information regarding a particular asset received from the target, going back to the target with further set of issues and questions must not be avoided at any cost; it is not prudent to merely rely on all details without cross-checking the same from other available sources, like, from public records of the IP Offices and google database.
7. Analyze protected and protectable IP rights – after full information is received from the target, IP rights, already subsisting and potential, should be analyzed. Status check, validity check, ownership check, claim check and conflict check should be conducted, in the manners specified above; in this connection, special attention should be paid to associated licenses, franchise agreements, notices, suit documents and other documents, if any, relating to the relevant IP rights; if the target's operations are in various countries and information about the target's IP rights in such jurisdictions has been provided, the team should also obtain information either from the online records of foreign IP databases, so far the same are available and accessible, or get in touch with local IP counsels for procuring documents / information on relevant IP rights, registered or pending registration; furthermore, for other intangible assets, relevant enquires as mentioned above, should be undertaken for determining the extent of possible protection thereof and risks associated with the same.
8. Try and resolve issues, if any, in respect of IP rights – analyze if any issues surrounding IP rights in question could be resolved; wherever it is possible, strategize for mitigating the risks involved therein and lessen the liabilities associated with such IP rights; after doing the above, set condition precedents (based on strategies to reduce the issues involved) for the target to comply with in relation to relevant IP rights.
9. Define the nature of IP agreements required for the transaction – as for different kinds of transactions, the nature of transfer in relation to relevant IP rights would be differently required; for example, a joint venture would not require complete transfer of ownership of the IP rights to the joint venture company from parties forming the same, but a limited license to use the brand / technology/ product designs would be sufficient; on the other hand, an acquisition deal would require an IP assignment or technology transfer agreements; this should also be analyzed and determined from the perspective and

interest of each party involved in the transaction.

10. Provide a final diligence report on risks involved – after all the above steps are taken, put forth the final report containing all the observations in relation to IP rights that would be the part of the transaction, before the prospective buyer / investor; this should contain all the associated risks and liabilities along with strategies to deal with such issues; also clearly segregate risks and liabilities that could be mitigated from those which cannot be in the report, which will help the prospective buyer / investor understand the pros and cons of the transaction.
11. Document, execute and record the IP agreements – once it is final as to what approach should be adopted with respect to the relevant IP rights' transfer, the same should be documented in the form of appropriate contracts and executed by authorized signatories at the time of closure of the deal; the new arrangements should also be recorded with relevant IP authorities, if required under applicable laws.

The above steps are likely to ensure that utmost care and caution is taken for the required IP due diligence in a simple, but structured manner. The same is required in order to not have fatal returns after spending huge amounts on a business. With the help of an effective IP due diligence, a business call could be taken if it is worthwhile or not to invest in any transaction.

## MANAGEMENT OF INTELLECTUAL PROPERTY

In an increasingly knowledge-driven economy, Intellectual Property (IP) is an important key consideration in day-to-day business decisions. New products, brands and creative designs appear almost daily on the market and are the result of continuous human innovation and creativity. Generally, the small and medium companies in India either do not understand the value of their intellectual property assets or are not aware of the intellectual property system or the protection it can provide for their inventions, brands, and designs. As the Intellectual Property forms an important part of companies' assets, its adequate protection is crucial in deterring potential infringement and in turning ideas into business assets with a real market value. In fact, the Intellectual Property system enables companies to profit from their innovative capacity and creativity and enhance their competitiveness.

Companies that dedicate time and resources for protecting their intellectual property can increase their competitiveness in a number of areas, as it prevents competitors from copying or closely imitating a company's products or services; avoids wasteful investment in research and development (R&D) and marketing; creating a corporate identity through a trademark and branding strategy; negotiating licensing, franchising or other Intellectual Property based contractual agreements; increasing the market value of the company; acquiring venture capital and enhancing access to finance; obtaining access to new markets and most important a careful search for conflicting existing Intellectual Property rights, and the examination of application by offices can help an enterprise to avoid conflicts and unnecessary litigation.

**Strategies for Effective IPR Management:** The effective management of intellectual property assets requires implementation of a comprehensive asset management plan. In this process, one of the most important step is to review the existing intellectual property assets, so as to identify and locate the company's key intellectual property assets such as patents, patentable subject matter, copyrights, trade marks, designs, trade secrets, domain names, mask works, inventions, works of authorship, hardware and devices, depending upon the nature of business. Once the intellectual property assets are identified, it becomes important to determine nature and scope of the company's rights in intellectual property assets, which may range from outright ownership to a license- including contingent rights in intellectual property to be developed in future.

Capitalizing on intellectual property assets so identified require a most constructive approach keeping in view,

among others, type of intellectual property assets, the type of business claiming ownership of intellectual property assets, long term and short term goals of the business organization including intended/possible use of intellectual property assets.

**Intellectual Property – Risk Management:** The ownership and control of intellectual property also attract certain risks and this requires strategies and plans to mitigate those risks. The most important among others being the infringement of rights in intellectual property, the risk management strategy should take into consideration the situations where company's own Intellectual Property Rights (IPRs) may infringe the IPRs of a third party; the company has a valid claim of infringement against a third party. It is also important to analyse the scope of any grant of rights in intellectual property assets, which may include licenses, distribution agreements, reseller arrangements and any other agreement or transaction involving transfer of IPRs that may impact its value.

One of the most important IPR risk management techniques, particularly in respect of trade secrets, is to put in place a system requiring all new employees and consultants to execute a confidentiality agreement. It indeed allows company to establish ownership in IPRs developed by the employees during their employment and also help company to effectively contest infringement in case employee leaves the organization and discloses the same to new employer.

In nutshell, effective management of Intellectual Property enables companies to use their intellectual property to improve their competitiveness and strategic advantage. Acquiring Intellectual Property protection no doubt is crucial but its effective management provides much more than just protection to an enterprise's inventions, trademarks, designs, copyright or other allied rights.

Effective intellectual property management requires a company to commercialize its inventions and effectively monitor and enforce its intellectual property rights. Indeed, a company's portfolio of Intellectual Property must be viewed as a collection of key assets that add significant value to the enterprise. Thus, effective management of intellectual property may be seen as critical business strategy to maintain sustainable corporate growth and maximization of shareholder value resulting into the economic growth.

## **VALUATION OF INTELLECTUAL PROPERTY**

Intellectual capital is recognized as the most important asset of many of the world's largest and most powerful companies; it is the foundation for the market dominance and continuing profitability of leading corporations. It is often the key objective in mergers and acquisitions and knowledgeable companies are increasingly using licensing routes to transfer these assets to low tax jurisdictions.

Nevertheless, the role of intellectual property rights (IPRs) and intangible assets in business is insufficiently understood. Accounting standards are generally not helpful in representing the worth of IPRs in company accounts and IPRs are often under-valued, under-managed or under-exploited. Despite the importance and complexity of IPRs, there is generally little co-ordination between the different professionals dealing with an organization's IPR. For a better understanding of the IPRs of a company, some of the questions to be answered should often be:

- What are the IPRs used in the business?
- What is their value (and hence level of risk)?
- Who owns it (could I sue or could someone sue me)?
- How may it be better exploited (e.g. licensing in or out of technology)?
- At what level do I need to insure the IPR risk?

One of the key factors affecting a company's success or failure is the degree to which it effectively exploits intellectual capital and values risk. Management obviously need to know the value of the IPR and those risks for the same reason that they need to know the underlying value of their tangible assets; because business managers should know the value of all assets and liabilities under their stewardship and control, to make sure that values are maintained. Exploitation of IPRs can take many forms, ranging from outright sale of an asset, a joint venture or a licensing agreement. Inevitably, exploitation increases the risk assessment.

Valuation is, essentially, a bringing together of the economic concept of value and the legal concept of property. The presence of an asset is a function of its ability to generate a return and the discount rate applied to that return. The cardinal rule of commercial valuation is: the value of something cannot be stated in the abstract; all that can be stated is the value of a thing in a particular place, at a particular time, in particular circumstances. I adhere to this and the questions 'to whom?' and 'for what purpose?' must always be asked before a valuation can be carried out.

This rule is particularly significant as far as the valuation of intellectual property rights is concerned. More often than not, there will only be one or two interested parties, and the value to each of them will depend upon their circumstances. Failure to take these circumstances, and those of the owner, into account will result in a meaningless valuation.

For the value of intangible assets, calculating the value of intangible assets is not usually a major problem when they have been formally protected through trademarks, patents or copyright. This is not the case with intangibles such as know how, (which can include the talents, skill and knowledge of the workforce), training systems and methods, technical processes, customer lists, distribution networks, etc. These assets may be equally valuable but more difficult to identify in terms of the earnings and profits they generate. With many intangibles, a very careful initial due diligence analysis needs to be undertaken together with IP lawyers and in-house accountants.

There are four main value concepts, namely, owner value, market value, fair value and tax value. Owner value often determines the price in negotiated deals and is often led by a proprietor's view of value if he were deprived of the property. The basis of market value is the assumption that if comparable property has fetched a certain price, then the subject property will realize a price something near to it. The fair value concept, in its essence, is the desire to be equitable to both parties. It recognizes that the transaction is not in the open market and that vendor and purchaser have been brought together in a legally binding manner. Tax value has been the subject of case law worldwide since the turn of the century and is an esoteric practice. There are quasi-concepts of value which impinge upon each of these main areas, namely, investment value, liquidation value, and going concern value.

## **APPROACHES FOR THE VALUATION OF INTANGIBLES**

Acceptable methods for the valuation of identifiable intangible assets and intellectual property fall into three broad categories popularly known as Approaches. They are market based, cost based, or income based - based on estimates of past and future economic benefits.

In an ideal situation, an independent expert will always prefer to determine a market value by reference to comparable market transactions. This is difficult enough when valuing assets such as bricks and mortar because it is never possible to find a transaction that is exactly comparable. In valuing an item of intellectual property, the search for a comparable market transaction becomes almost futile. This is not only due to lack of compatibility, but also because intellectual property is generally not developed to be sold and many sales are usually only a small part of a larger transaction and details are kept extremely confidential. There are other impediments that limit the usefulness of this method, namely, special purchasers, different negotiating skills, and the distorting



effects of the peaks and troughs of economic cycles. In a nutshell, this summarizes my objection to such statements as ‘this is rule of thumb in the sector’.

Cost-based methodologies, such as the “cost to create” or the “cost to replace” a given asset, assume that there is some relationship between cost and value and the approach has very little to commend itself other than ease of use. The method ignores changes in the time value of money and ignores maintenance.

The Income based methods of valuation flowing from an estimate of past and future economic benefits can be broken down in to four limbs;

- (1) capitalization of historic profits,
  - (2) gross profit differential methods,
  - (3) excess profits methods, and
  - (4) the relief from royalty method.
1. The capitalization of historic profits arrives at the value of IPR’s by multiplying the maintainable historic profitability of the asset by a multiple that has been assessed after scoring the relative strength of the IPR. For example, a multiple is arrived at after assessing a brand in the light of factors such as leadership, stability, market share, internationality, trend of profitability, marketing and advertising support and protection. While this capitalization process recognizes some of the factors which should be considered, it has major shortcomings, mostly associated with historic earning capability. The method pays little regard to the future.
  2. Gross profit differential methods are often associated with trade mark and brand valuation. These methods look at the differences in sale prices, adjusted for differences in marketing costs. That is the difference between the margin of the branded and/or patented product and an unbranded or generic product. This formula is used to drive out cashflows and calculate value. Finding generic equivalents for a patent and identifiable price differences is far more difficult than for a retail brand.
  3. The excess profits method looks at the current value of the net tangible assets employed as the benchmark for an estimated rate of return. This is used to calculate the profits that are required in order to induce investors to invest into those net tangible assets. Any return over and above those profits required in order to induce investment is considered to be the excess return attributable to the IPRs. While theoretically relying upon future economic benefits from the use of the asset, the method has difficulty in adjusting to alternative uses of the asset.
  4. Relief from royalty considers what the purchaser could afford, or would be willing to pay, for a licence of similar IPR. The royalty stream is then capitalized reflecting the risk and return relationship of investing in the asset.

## **METHODS OF VALUATION**

### **Income Approach**

Income approaches focus on the future cash flow derived from a particular piece of IP. As with all income valuations the need to accurately forecast future cash flow is of paramount importance. The following variables are needed when using an income approach:

- An income stream either from product sales or licensure of the patent
- An estimate of the duration of the patent’s useful life



- An understanding of patent specific risk factors and incorporating those into the valuation
- A discount rate: Unlike most enterprise or fixed asset valuations, intellectual property assets have their own set of unique risk factors. Some of these risks are:
- New Patent Issuance: New patents can either make existing technology obsolete or, more likely, allow for another competitor in the same space. If a similar patent is issued the value of the underlying technology will decrease. One key difficulty of the patent process is that it is nearly impossible to know what has been filed with the Patent and Trademark Office (USPTO). Only issued patents are publicly available information and therefore the risk posed by pending patent claims cannot be easily foreseen.
- Patent Challenges/Declared Invalid: An issued patent remains open to attack for invalidity, and it is a common defense for an alleged infringer to assert that the patent is invalid. Typically, patents are challenged on the grounds that someone other than the named inventor invented the claimed property, that the invention is “obvious” to persons skilled in the relevant technology, or that the patent is not unique and too similar to existing methods. Successful challenges can immediately invalidate the patent and corresponding licenses. In principle, proper due diligence should turn up these potential problems.
- Patent Infringement Suits: Licensees could be held liable and ultimately pay three times damages. Again, due diligence should reveal any potential problems of overlapping, uncited prior or concurrent claims.
- Trade Secrets: Some patents are virtually worthless without the necessary trade secrets. An example of a “worthless” patent is a pharmaceutical patent for a specific drug that did not reveal the exact “recipe” for formulating the drug. The inventor(s) of the patent need to cooperate and share those trade secrets to maximize the value of the patent.
- Foreign Governments failure to comply with Patent Cooperation Treaties: This is a major issue for software patents, many of which are pirated in foreign countries and sold into the world market.

### Discounted Cash Flow (“DCF”) Method

*Discounted Cash Flow (“DCF”) Analysis* is probably the most comprehensive of appraisal techniques. Potential profits and cash flows need to be assessed carefully and then restated to present value through use of a discount rate, or rates. DCF mathematical modelling allows for the fact that 1 Euro in your pocket today is worth more than 1 Euro next year or 1 Euro the year after. The time value of money is calculated by adjusting expected future returns to today’s monetary values using a discount rate. The discount rate is used to calculate economic value and includes compensation for risk and for expected rates of inflation.

With the asset you are considering, the valuer will need to consider the operating environment of the asset to determine the potential for market revenue growth. The projection of market revenues will be a critical step in the valuation. The potential will need to be assessed by reference to the enduring nature of the asset, and its marketability, and this must subsume consideration of expenses together with an estimate of residual value or terminal value, if any. This method recognizes market conditions, likely performance and potential, and the time value of money. It is illustrative, demonstrating the cash flow potential, or not, of the property and is highly regarded and widely used in the financial community.

The discount rate to be applied to the cash flows can be derived from a number of different models, including common sense, build-up method, dividend growth models and the Capital Asset Pricing Model utilising a weighted average cost of capital. The latter will probably be the preferred option.

These processes lead one nowhere unless due diligence and the valuation process quantifies remaining useful life and decay rates. This will quantify the shortest of the following lives: physical, functional, technological, economic and legal. This process is necessary because, just like any other asset, IPRs have a varying ability to generate economic returns dependant upon these main lives. For example, in the discounted cash flow model, it would not be correct to drive out cash flows for the entire legal length of copyright protection, which may be 60 plus years, when a valuation concerns computer software with only a short economic life span of 1 to 2 years. However, the fact that the legal life of a patent is 20 years may be very important for valuation purposes, as often illustrated in the pharmaceutical sector with generic competitors entering the marketplace at speed to dilute a monopoly position when protection ceases. The message is that when undertaking a valuation using the discounted cash flow modelling, the valuer should never project longer than what is realistic by testing against these major lives.

### **Venture Capital Method**

The Venture Capital valuation technique also derives a value for a patent from the cash flows that arise over the asset's life. It differs from the DCF method in that a fixed non-market based discount rate is used, usually 50 percent (40-60 percent range), and there is no explicit adjustment for the probability of success. This method does not account well for the patent specific risk factors outlined above. Like the DCF, cash flows are assumed to be static and independent risk factors are lumped together. In valuing intellectual property, this simplicity is the method's greatest drawback.

### **Relief from Royalty Method**

Relief from royalty is based on deprival value theory and looks at the amount of income that a company would be "deprived" of, if it did not own the intellectual property in question but was required to rent it from a third-party instead. The royalty represents the rental charge, which would be paid to the licensor if this hypothetical arrangement were in place. The ability to determine an appropriate royalty rate depends upon the specific circumstances and requires the identification of suitable comparable transactions and prices involving third parties.

Obtaining a royalty rate is only a first step however and a reliable sales forecast is also required in order to estimate the income that flows directly from the intellectual property. As with other income approaches, an appropriate cost of capital has to be determined.

This method is useful because the market size and expected market share are generally accessible information. In addition, the method is also intuitive in that the value of a property is defined as a rental charge other companies would pay to use it. One significant drawback of the relief from royalty method is that a rental charge can always be assumed, when in reality one may never materialize. The plain fact is that some patents may be of little value and thus are not worthy of a rental charge.

### **Real Options Method**

The Real Options Method (ROM) recognizes that a patent has intrinsic value based on its projected cash flows discounted at the opportunity cost of capital for the owner of the patent. Additionally, the ROM incorporates the value associated with the uncertainty inherent in a business and the active decision making required for a patent-based business strategy to succeed. The ROM values these items using the Black- Scholes option-pricing model.

The primary advantage of the ROM is that it accounts for the value associated with the uncertainty of cash flows and the ability to manage the patent investment. Like the DCF or Venture Capital methods, the ROM values

the stream of cash flows but it also accounts for acquired knowledge. This method provides a more complete evaluation than either the DCF or the Venture Capital method, which only capture cash flows and static fixed costs.

The primary disadvantage of the ROM is that there is often an inexact mapping of the assumptions underlying option pricing theory and the real option application. For example, is the standard deviation of the growth rate of patent cash flows log-normally distributed?

Real investments are typically infrequently traded and therefore their prices lack the reliability of market prices. As such, these limitations place some doubt on the accuracy of the economic values projected under the ROM. Other disadvantages of using the ROM to value patents include the fact that patents contain adverse rights, not affirmative rights which run counter to the notion of “having an option.” Further, as noted earlier, the option value of a patent can be reduced or eliminated by a third party filing and contesting the claim.

### Other Valuation Approaches

As with many types of valuation, other methods exist to value IP, which we touch on only briefly here.

#### Market Comparable

Conceptually, a market comparable approach should offer a good indication of a patent’s value, as it reflects the exchange of value between two parties. However, in valuing patents it is difficult to find a suitable comparable transaction. The two primary reasons for this are the lack of disclosed sale or licensure activity and by its definition, a patent must be unique.

#### Historic Cost

This valuation methodology measures the amount of money spent in the development of the intellectual property at the time it was developed. But unless the intellectual property was developed in the recent past, an historic cost measure tends to be unreliable due to the impact of inflation and the changes that occur in technology over time. In addition, it is not always possible to provide accurate information on the resources spent for such quantification.

#### Replication Cost

This measures the amount of money that would need to be spent in current cost terms in order to develop the intellectual property in exactly the same way and to achieve the same final state as it currently exists. This includes costs incurred on any unsuccessful or inefficient prototypes.

#### Replacement Cost

This measures the amount of money that would need to be spent in current cost terms in order to develop the intellectual property as it currently exists, but excludes the costs relating to unsuccessful or inefficient prototypes.

As intellectual property grows in its importance, managers must understand not only the methods of valuing these assets, but also the unique risk factors associated with intellectual assets. Each valuation technique outlined has its strengths and weaknesses, but as is true with enterprise valuation there is no definitive right or wrong valuation approach. However, it is wise to use several of these methods when valuing a specific IP asset. This provides differing viewpoints on the underlying asset value and is a useful check for consistency in assumptions and human errors that may occur in relying on only one method.

While some of the above methods are widely used by the financial community, it is important to note that valuation is an art more than a science and is an interdisciplinary study drawing upon law, economics, finance, accounting, and investment. It is rash to attempt any valuation adopting so-called industry/sector norms in ignorance of the fundamental theoretical framework of valuation. When undertaking an IPR valuation, the context is all-important, and the valuer will need to take it into consideration to assign a realistic value to the asset.

### LESSON ROUND UP

- In an increasingly knowledge-driven economy, Intellectual Property (IP) is an important key consideration in day-to-day business decisions.. Generally, the small and medium companies in India either do not understand the value of their intellectual property assets or are not aware of the intellectual property system or the protection it can provide for their inventions, brands, and designs.
- The effective management of intellectual property assets requires implementation of a comprehensive asset management plan. In this process one of the most important step is to review the existing intellectual property assets, so as to identify and locate the company's key intellectual property assets
- Once the intellectual property assets are identified, it becomes important to determine nature and scope of the company's rights in intellectual property assets, which may range from outright ownership to a license- including contingent rights in intellectual property to be developed in future.
- The ownership and control of intellectual property also attract certain risks and this requires strategies and plans to mitigate those risks.
- Effective intellectual property management requires a company to commercialize its inventions and effectively monitor and enforce its intellectual property rights.
- Although intellectual capital is the foundation for the market dominance and continuing profitability of leading corporations, nevertheless, the role of intellectual property rights and intangible assets in business is insufficiently understood.
- One of the key factors affecting a company's success or failure is the degree to which it effectively exploits intellectual capital and values risk. Business managers should know the value of all assets and liabilities under their stewardship and control, to make sure that values are maintained.
- Valuation is, essentially, a bringing together of the economic concept of value and the legal concept of property. The presence of an asset is a function of its ability to generate a return and the discount rate applied to that return. There are four main value concepts, namely, owner value, market value, fair value and tax value. There are quasi-concepts of value which impinge upon each of these main areas, namely, investment value, liquidation value, and going concern value.
- Acceptable methods for the valuation of identifiable intangible assets and intellectual property fall into three broad categories. They are market based, cost based, or based on estimates of past and future economic benefits.
- It is rash to attempt any valuation adopting so-called industry/sector norms in ignorance of the fundamental theoretical framework of valuation. When undertaking an IPR valuation, the context is all-important, and the valuer will need to take it into consideration to assign a realistic value to the asset.

## SELF TEST QUESTIONS

These are meant for re-capitulation only. Answers to these questions are not to be submitted for evaluation.

1. What do you mean by IP Audit? Discuss various methods of IP Audit
2. Discuss in detail the process for effective Due Diligence of Intellectual Property.
3. What is the significance of intellectual property management?
4. Explain the strategies for effective IPR Management.
5. What is valuation? Why is valuation of intellectual property important?
6. Illustrate the methods for the valuation of intangibles.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.

# Lesson 19

## Case Laws, Case Studies and Practical Aspects

### LESSON OUTLINE

#### Case Laws

- Patents
- Copyrights
- Trademarks
- Trade Secrets
- Protection of Plant Varieties and Farmers' Rights Act, 2001
- The Biological Diversity Act, 2002

#### Case Studies and Practical Aspects

### LEARNING OBJECTIVES

In order to apprise the students, with the applied issue of Intellectual Property Rights and its protection in the legal regime in India, the chapter aims providing the gist of some leading case laws related to various parts of Intellectual Property. It also provide a glimpse of practical aspects of the intellectual property and its protection with the discussion of a case study too.

**CASE LAWS****Patents****Novartis Vs. Union of India Civil Appeal No. 2706-2716 of 2013**

Novartis filled an application to patent one of its drugs called 'Gleevec' by covering it under the word 'invention' mentioned in Section 3 of the Patents Act, 1970. The Supreme Court rejected their application after a 7 yearlong battle by giving the following reasons: Firstly there was no invention of a new drug, as a mere discovery of an existing drug would not amount to invention. Secondly Supreme Court upheld the view that under Indian Patent Act for grant of pharmaceutical patents apart from proving the traditional tests of novelty, inventive step and application, there is a new test of enhanced therapeutic efficacy for claims that cover incremental changes to existing drugs which also Novartis's drug did not qualify. This became a landmark judgment because the court looked beyond the technicalities and into the fact that the attempt of such companies to 'evergreen' their patents and making them inaccessible at nominal rates.

The Court held that Novartis failed to meet the requirement of 'novelty'. And also thereby failing to qualify for the test of invention as provided for under section 2(1)(j) and section 2(1)(ja) of the Patents Act, 1970 as a result of the various publications and disclosures already made about the beta crystalline form of the compound used in the drug, Imatinib Mesylate. Further the court decided to interpret efficacy as laid down in section 3(d) of the Act on the lines of therapeutic efficacy and not merely physical efficacy. It held that though physical efficacy of imatinib mesylate in beta crystalline form is enhanced in comparison to other forms. But since there was no substantive and conclusive material and evidence to prove that beta crystalline form of imatinib mesylate will produce an enhanced or superior therapeutic efficacy, Novartis failed to meet the requirements under Section 3(d) of the Act. The Supreme Court went with the therapeutic efficacy interpretation over physical efficacy owing to the fact that the compound was of medicinal value.

**Bayer Corporation and ors. Vs. Union of India and Ors. 162(2009) DLT 371: MANU/DE/1756/2009 (Decided on 18th August 2009)**

The Court held that there is no Drug Patent Linkage mechanism in India and only the Controller of Patents has the authority to determine patent standards. It was also held that mere market approval of a drug does not lead to patent infringement and the jurisdiction of which does not lie with Drug authorities.

**Snehlata C. Gupte Vs. Union of India & Ors. (W.P. (C) No 3516 and 3517 of 2007)**

The Court held that the date on which the Controller passes an order to that effect on the file, noted that the language, "A patent shall be granted as expeditiously as possible" (u/s 43) point out that a patent has to be granted once it is found that the application has not been refused in a pre-grant opposition or otherwise is not found in contravention of provisions of this Act.

**Copyrights****Eastern Book Company and others Vs. DB Modak and another [(2008) 1 SCC 1]**

Appellants were involved in the printing and publishing the law report "Supreme Court Cases". The original Judgments were copy-edited by a team of assistant staff of the Appellant and various inputs were put in the judgments and orders to make them user friendly by making an addition of cross-references, standardization or formatting of the text, paragraph numbering, verification and by putting other inputs. Respondents published these judgements through their softwares on CD-ROMs. The Hon'ble Supreme Court on this issue upheld



interim relief to the plaintiff-appellants given by the Delhi High Court and directed that though the respondent-defendants shall be entitled to sell their CD-ROMS with the text of the judgments of the Supreme

Court along with their own head notes, editorial notes, they should not in any way copy the extra content apart from the original judgement given by the Supreme Court.

### **G. Anand Vs. Delux Films and Ors. AIR 1978 SC 1613**

The Appellant R. G. Anand wrote and produced a play called 'Hum Hindustani' in 1953 which received huge success and was re-staged numerous times. Appellant narrated the entire play 'Hum Hindustani' to the Respondents. Appellant had elaborate discussions regarding filming the play in January, 1955. However, no further communication was made to the Appellant post the discussion. However the respondents proceeded to make the film and appellant filed a suit claiming copyright infringement. The Hon'ble Supreme Court held- There exists no copyright in relation to an idea, subject matter, themes, plots or historical or legendary facts. Infringement is restricted only to the form, manner, arrangement and expression of the idea by the author of the copyright work. The Court should settle on whether the similarities are substantial or fundamental in nature or not with respect to the mode of expression adopted in the work. If substantial or fundamental portion has been copied, then it would amount as infringement. The other reliable test to ascertain whether there is an infringement or not is to analyse the impression created on the spectator or reader subsequent to reading or watching the works (Lay Observer Test).

### **Indian Performing Rights Society Vs. Eastern Indian Motion Pictures Ltd AIR1977 SC1443**

The Hon'ble Supreme Court observed-The cinematograph film producer becomes the first owner of the copyright in case he commissions a composer of music, a lyricist, for reward or for a consideration to compose music to be incorporated in the cinematography film as the composer is employed under contract of service. Section 17(c) of copyrights act 1957 lays down that the proprietor becomes the absolute owner in cases of contract of service for valuable consideration unless there is an agreement contrary to it. IPRS cannot claim royalty as the production house has the right over the composition the moment it comes into existence. In this case the producer of the cinematograph film becomes the absolute owner and the authority cannot be questioned.

## **Trademark**

### **Toyota Jidosha Kabushiki Kaisha Vs. Prius Auto Industries Ltd. and Ors., MANU/SC/1619/2017 (Decided on 14<sup>th</sup> December, 2017)**

The test of possibility/likelihood of confusion would be valid at the stage of *quia timet* actions and not at the stage of final adjudication of the suit, particularly when the Defendants had used the impugned mark for a long period.

### **Cipla Limited Vs. Novartis AG and Ors., MANU/DE/0608/2017 (Decided on 9<sup>th</sup> March 2017)**

Although Section 48 is subject to the other provisions contained in the Act and the conditions specified in Section 47, this would only have relevance where the other provisions of the Act impinge upon the provisions or the rights of the patentees under Section 48. Section 83 is not one such provision. Section 83 itself is without prejudice to the other provisions in the said Act and, therefore, is also without prejudice to the provisions contained in Section 48 of the said Act.

**P.K. Sen Vs. Exxon Mobile Corporation and Ors., MANU/DE/0016/2017 (Decided on 4<sup>th</sup> January 2017)**

The word “person” as appearing in Section 134(2) is not restricted to registered proprietor and registered user, but it certainly does not include a permitted user in a suit for infringement of a registered trade mark.

**Havells India Ltd. & Anr. Vs. Amritanshu Khaitan & Ors., MANU/DE/0791/2015 (Decided on 17<sup>th</sup> March)**

Comparative advertising can be resorted to only with regard to like products. Comparative advertising is permitted when the following conditions are met:-

1. Goods or services meeting the same needs or intended for the same purpose;
2. One or more material, relevant, verifiable and representative features (Which may include price); and products with the same designation of origin. (Where applicable).

**The Coca-Cola Company Vs. Bisleri International Private Ltd Manu/DE/2698/2009(Decided on 20<sup>th</sup>October 2009)**

The Court held that if there is a threat of infringement, then this court would have the jurisdiction. It was also held that the exporting of goods from a country is to be considered as sale within the country from where the goods are exported and the same amounts to infringement of trade mark.

**Clinique Laboratories LLC and Anr. Vs. Gufic Limited and Anr. MANU/DE/0797/2009, (Date of Judgment: 15<sup>th</sup> June 2009)**

In this case, Court held that a suit for infringement of registered trade mark is maintainable against another registered proprietor of identical or similar trade mark.

It was further held that in such suit, while staying the suit proceedings pending decision on rectification/cancellation petition, the court can pass interim injunction restraining the use of the registered trade mark by the defendant, subject to the condition that the court is prima facie convinced of invalidity of registration of the defendant's trade mark. In this case the court granted an interim injunction in favour of the plaintiff till the disposal of the cancellation petition by the competent authority.

**V And S Vin Spirit Ab Vs. Kullu Valley Mineral Water Co.(Date of Decision: 29th November, 2004)**

The question that the products fall under different class cannot be availed of if an association of the parties' products especially in respect of the cognate products is evident. Intellectual Property Rights cannot be constructed pedantically.

**Yahoo! Inc. Vs. Akash Arora & Another 78 (1999) DLT 285**

The High Court held- The principle underlying the action for passing off is that no man is entitled to carry on his business in such a way as to lead to the belief that he is carrying on the business of another man or to lead to believe that he is carrying on or has any connection with the business carried on by another man. The court reiterated “When a defendant does business under a name which is sufficiently close to the name under which the plaintiff is trading and that name has acquired a reputation and the public at large is likely to be misled that the defendant's business is the business of the plaintiff, or is a branch or department of the plaintiff, the defendant is liable for an action in passing off.” Injunction was granted in favour of the Plaintiff.

M/s. P.C. Mallappa & Co Vs. McDonald's Corporation 1999 PTC 9 Karnataka: MANU/KA/0813/1998 (Decided on 15th September, 1998)

The court decided as below:

- Appellant is not the creator of 'M' logo. The logo of Respondent was created in 1968.
- It is undisputed that 'M' logo has been used by Respondent in many countries since 1968. It is well-known and famous.
- The logos are similar and identical.
- There is a possibility that an ordinary consumer may mistake that there is some connection between the Plaintiff and the Defendant.

*Kaviraj Pandit Durga Dutt Sharma v. Navaratna Pharmaceutical Laboratories* AIR 1965 SC 980 Supreme Court held that in an action for infringement of a trade mark the onus would be on the Plaintiff (Respondent) to establish that the trade mark used by the Defendant (Appellant) is deceptively similar. This has to be done by a comparison of the two marks. Where the similarity between the Plaintiff's and Defendant's marks is so close either visually, phonetically or otherwise, the Court reaches the conclusion that there is an infringement. No further evidence is required to establish that the Plaintiff's rights are violated.

### Trade Secrets

#### **John Richard Brady And Ors v. Chemical Process Equipments P. Ltd. and Anr [AIR 1987 Delhi 372]**

High Court invoked a wider equitable jurisdiction and awarded injunction even in the absence of a contract. The plaintiff invented a "Fodder production Unit" (FPU) and for indigenous production of the same sought supply of thermal panels from the defendant. And in that process shared technical material, detailed know-how, drawings and specifications with the defendant concerning the FPU. An agreement was set out between the parties for the supply of specialized thermal panels but later the plaintiffs after discovering the inability of the defendants to supply the required thermal panels did not place any order.

The plaintiffs after learning about the defendant's FPU preferred a suit alleging misappropriation of know-how information, drawings, designs and specifications disclosed to defendants.

#### **Issues Considered**

- (a) Whether the defendants Fodder Production Unit is based on the plaintiffs' drawings and the related know-how passed to them under the express condition of confidentiality?
- (b) Whether the technical drawings of the defendants are artistic works that qualify for protection under the Copyright laws?

The Court took the position that, even in the absence of an express confidentiality clause in the contract, confidentiality is implied and that the defendant is liable for breach of the confidentiality obligations.

#### **Mr. Anil Gupta and Anr. vs. Mr. Kunal Dasgupta and Ors. [97(2002) DLT 257],**

The Court granted an injunction and held that the concept developed and evolved by the plaintiff was the result of the work done by the plaintiff upon the material which may be available in the public domain. However, what made the concept confidential was the fact that the plaintiff had used his brain and thus produced a unique result applying the concept. The plaintiff conceived the idea of 'Swayamvar', a reality television show

concerning match making. The plaintiff shared a concept note on this with the defendants. Later on the plaintiff came across a newspaper report informing that the defendants were planning to come out with a big budget reality matchmaking show using the plaintiff's concept. The plaintiff sought injunction.

### Issues Considered

- 1) Can there be a copyright in an idea, subject matter, themes, and plots, which existed in the public domain?
- 2) Could there be a violation of copyright if the theme is the same as that which existed in the public domain but is presented and treated differently?

The Court held that the concept developed and evolved by the plaintiff was the result of the work done by the plaintiff upon the material, which may be available in the public domain. However, what made the concept confidential was the fact that the plaintiff had used his brain and thus produced a unique result applying the concept. The Court granted an injunction.

The effort to maintain secrecy may be undertaken through adoption of an appropriate policy, adequate documentation and legal instruments such as non-disclosure agreement. To prevent the misuse of trade secrets, it is generally a prudent business practice to enter into non-disclosure agreements. Trade secrets are considered the owner's property and therefore there is no rule of public interest, which invalidates an agreement that prevents their transfer against the owner's will.

The Indian Contract Act, 1872, provides a framework of rules and regulations governing the formation and performance of a contract in India. It deals with the legality of non-compete covenants and stipulates that an agreement, which restrains anyone from carrying on a lawful profession, trade or business, is void to that extent.

Agreement in restraint of trade is defined as the one in which a party agrees with any other party to restrict his liberty in the present or the future to carry on a specified trade or profession with other persons not parties to the contract without the express permission of the latter party in such a manner as he chooses. Negative covenants operative during the period of contract when the licensee is bound to serve the licensor exclusively are not regarded as restraint of trade and do not fall under Section 27 of the Act.

Section 27 of the Act implies that, to be valid, an agreement in restraint of trade must be reasonable as between the parties and consistent with the interest of the public. Recently, in an appeal (Homag India Pvt. Ltd. vs. Mr. Ulfath Ali Khan and IMAAG Asia Pacific PTE. Ltd) preferred against trial judge's order on appellant's application for temporary injunction in a suit filed to restrain the defendants from dealing or transacting in any manner utilizing Homag India's confidential information / trade secret.

Homag India's case was that, Mr. Ulfath Ali Khan had to maintain, as per the signed letter of appointment, confidentiality of the information of plaintiff's business both during the course of employment and also thereafter. He was not expected to take up employment with any competitor of Homag India for a period of one year after termination of his employment or resigning from services. But Mr Ulfath Ali Khan committed breach of the terms of employment by working for IMAAG Asia Pacific, more so when the services of Mr. Khan with the plaintiff was subsisting.

The trial judge dismissed the application for temporary injunction against IMA AG Asia Pacific on the ground that there was no privity of contract between the plaintiff and the second defendant. Karnataka High Court held that the absence of a contract (and its breach) between Homag India and the second defendant IMA AG Asia Pacific does not assume nonexistence of an actionable right. The court relied on the Saltman Case (Saltman Engineering Co Ltd vs. Campbell Engineering Co Ltd 1948 (65) RPC 203), wherein it was held that—

The maintenance of secrecy, according to the circumstances in any given case, either rests on the principles of equity, that is to say the application by the court of the need for conscientiousness in the course of conduct, or by the common law action for breach of confidence, which is in effect a breach of contract.

Thus there are three sets of circumstances out of which proceedings may arise –

- Where an employee comes into possession of secret and confidential information, in the normal course of his work and either carelessly or deliberately passes that information to an unauthorized person.
- Where an unauthorized person (such as a new employee) incites such an employee to provide him with such confidential information; and
- Where, under a license for the use of know-how, a licensee is in breach of a condition, either expressed in any agreement or implied from conduct, to maintain secrecy in respect of such know-how and fails to do so.

The court took into account the materials relied upon by Homag India, in particular the letter of agreement and agreement of contract between the first and the second defendant, to prima facie establish that the second respondent IMA AG Asia Pacific has infringed the legal rights of the appellant Homag India.

### Protection of Plant Varieties and Farmers' Rights Act, 2001

#### Maharashtra Hybrid Seed Co and Anr v. Union of India and Anr, on 9<sup>th</sup> January, 2015

##### Issue

*Whether sale or disposal of hybrid seeds will amount to sale or otherwise disposal of the “propagating or harvested material” of the parent lines and consequently destroy their novelty under Section 15(3) (a) of the Act?*

##### Judgment

#### A) Whether Hybrid Seeds Obtained By Crossing Parent Lines Be “Propagating Or Harvested Material” Of the Parental Lines

**Petitioner:** The hybrid seeds, obtained by crossing the parental lines, are distinct in traits and characteristics from the parent lines and cannot be considered as propagating or harvested material of the parental line varieties. It was contended that the propagating/harvested material of a variety will mean any part of a plant or seed, which is capable of regeneration into a plant having the same characteristics as that of the original plant. Since regeneration of hybrid seed will result in hybrid plant variety that is distinct from the parent line varieties (and not result in the parent lines), the hybrid seeds obtained by crossing of parent lines cannot be said to be “propagating or harvested material” of the parental lines.

**Judgment:** The expression “harvested material” has not been defined under the Act, but the expression “propagating material” has been defined under Section 2(r) of the Act and reads as under:—“(r) “propagating material” means any plant or its component or part thereof including an intended seed or seed which is capable of, or suitable for, regeneration into a plant;”

A plain reading of the aforesaid definition indicates that an intended seed or a seed which is capable of, or suitable for, regeneration into a plant will be a propagating material of the plant. In order to fall within the definition of the expression “propagating material” all that is required is that a seed or intended seed should be capable of, or suitable for, regeneration into a plant. The word “regeneration” means to germinate or to grow

into a plant.

The expression “harvested material of such variety” includes all material that has been harvested from the plant. Accordingly, “the seeds are harvested from the parent lines; such seeds may not propagate the parental lines, but nonetheless, are harvested materials of those lines”. The Court, therefore, dismissed the petitioners’ argument viz., a hybrid seed does not fall within the definition of “propagating material” as it is incapable of regenerating any of the parent line varieties.

### **B) Whether Development And Sale Of Hybrid Seeds Amounts To Exploitation Of The Parental Lines?**

**Petitioner:** It was submitted that the development and sale of hybrid seeds will not amount to exploitation of the parental lines. It was contended that the words “disposed of” as used in Section 15(3) of the Act, cannot be read in isolation and will not include self-use and ought to be read synonymous to ‘sale’. Further, the word “disposal” contemplates transferring of title from one party to another party. In the instant case, the title of parent lines were not parted with or transferred to third parties. Therefore, the sale of hybrid seeds will not amount to disposal of parent lines.

**Judgment:** Sale of the harvested material of varieties (like the hybrid seed which will not germinate into either of the parent varieties) amounts to “exploitation of such variety”. Further, “...admittedly, the petitioners sell and dispose of hybrid seeds. Since such seeds have been held to be propagating material/harvested material of the parent lines, the parent lines cannot be deemed to be novel under Section 15(3) (a) of the Act.

### **C) Effect of the Expression “Deemed”**

**Petitioner:** Referring to similar statutes in US and EU, it was argued that the aforesaid statutes provide a legal fiction that the parent lines will be deemed to be or considered to be known if the hybrid was sold or otherwise disposed of. The Act doesn’t have a similar provision. Therefore, the parent lines cannot be considered to be known if the hybrid seeds were sold.

**Judgment:** The word “deemed” in the opening sentence of Section 15(3) of the Act must be read in the context of the legislative intent viz., a plant variety, the propagating material or harvested material of which is sold or otherwise disposed of will be precluded from being claimed as novel if sold/otherwise disposed of prior to the specified period. The argument comparing the Act and the EU & US statutes was thus negated.

### **D) Application of Mischief Rule**

The Court applied the mischief rule of interpretation and held as follows:

“35. In my view, a plain reading of Section 15(3) of the Act would indicate that if the seeds of parent lines have been commercially sold, the breeders cannot claim the parent lines to be novel. As I see it, even if one was to consider that language of Section 15(3) of the Act was ambiguous on the issue, the same would have to be resolved against the petitioners. This is so because it is well settled that in case of ambiguity in the language of a statute, a purposive interpretation that furthers the intention of the Legislature must be adopted. The Legislative intent of the Act is to protect the rights of the farmers’ and plant breeders. India had ratified the TRIPS agreement and, therefore, was obliged to protect the intellectual property rights in certain plant varieties. The protection as envisaged under the Act is to provide certain exclusive rights for a specified period of time.....

In other words, the Parliament in its Legislative wisdom considered that providing exclusivity as specified under Section 24(6) of the Act was sufficient protection to the plant breeders. If the provisions of Section 15(3) of the Act are read in a manner as suggested by the petitioners, the effect would be to extend that period of protection many times over. In the first instance, a breeder would get protection in respect of the hybrid variety and assuming that there are two parent lines, the breeder could just before the expiry of the Registration Certificate



in respect of a hybrid variety, register one of the parent variety and thus, extend its period of exclusivity for a further period of 15/18 years because protection of even one parent line would practically ensure exclusive rights in relation to the hybrid variety. In the same manner, before expiry of the registration period of that parent line, the breeder could register the other parent line as a new variety. In this manner a breeder could extend the protection for a period up to maximum 45/54 years instead of 15/18 years as contemplated under the Act. Clearly, this is not the legislative intent of the Parliament.”

#### **E) Reliance on Article 6(1) Of International Union for Protection of New Varieties of Plants (UPOV) Convention (1991)**

Article 6(1) of the 1991 Act of the UPOV Convention contains words which are similar to Section 15(3) of the Act. The Administrative and Legal Committee of UPOV had earlier concluded in a similar dispute that the novelty of the parent lines was lost by commercial exploitation of its hybrid.

### **The Biological Diversity Act, 2002**

#### **Chandra Bhal Singh versus Union of India & Others (O.A. No. 347 of 2016 with hearings underway and last order as on 29 September 2016)**

One of the most recent cases related to the BD Act is a matter, which seeks the intervention of the NGT to expedite the overall implementation of the BD Act. Original Application No. 347 of 2016 was heard before the Principal Bench of the NGT on 8<sup>th</sup> July 2016. The petitioner in this case raised concerns about the slow implementation of the BD Act, 2002. The petition also raises concerns about how the BMCs have not been set up at the local level and the preparation of people's biodiversity registers has not been completed amongst other issues with the overall implementation with the law (Phadnis, 2016).

On 8<sup>th</sup> July 2016 notices were issued to the central government as well as all state governments to respond and the case was to be heard on 17<sup>th</sup> August 2016. During this hearing the Principal Bench of the

NGT issued bailable warrants against key respondents, as they had not filed their responses in the case. This was recalled through another order of 23<sup>th</sup> August 2016, following affidavits being filed before the NGT. The matter is still being heard before the NGT and as of September 2016, the last hearing was listed for 29 September 2016.

Case in Madras High Court on Constitutional Validity and implementation of the Act (Writ Petition No. 15663 of 2014 judgment dated 11 March 2015)

A Writ Petition was filed by petitioner *R. Muralidharan* under Article 226 of the Constitution of India before the High Court of Madras. This petition sought to declare that the BD Act is unconstitutional, as it violates Article 14 and India's obligation under the Convention on Biological Diversity (CBD). It also sought directions to delink the Indian Patent Act formalities with the access approvals that need to be taken by the NBA.

On 11 March 2015 the two-judge bench in the Madras High Court that all the petitioner persists with seems to be *qua the implementational* difficulties rather than any worth-while challenge to the constitutional validity of the Act. The judgment added that there were no satisfactory answers by the petitioner on both these aspects. On the same date this case was dismissed with the finding that “the petition is completely misconceived and accordingly dismissed”.

#### **M/s Chembra Peak Estates Limited Vs. State of Kerala & Others W P (Civil) No. 3022 of 2008 (I)**

This is a matter in which the Kerala High Court directed the Revenue authorities to seek the opinion of the SBB regarding the ecological balance of the private coffee estate at Mutil in Wayanad before proceeding with



the acquisition of the estate for setting up a mega food park. *Justice T.R. Ramachandran Nair* ordered that this should be completed within two months. The park was being set up by the Kerala Industrial Infrastructure Development Corporation (KINFRA) with funds from the Union Government.

There were some very interesting arguments that were raised in the course of this PIL. The government pleader argued that the state government has got power (under Section 37) to declare an area as a 'biodiversity heritage site'. Since they had chosen not to do so, there can be no objection to any land acquisition of the area.

The court nonetheless made mention of Sections 23 and 24 of the BD Act. According to the court, Section 23 makes clear that it is amongst the functions of the SBB to advise the State Government on matters related to biodiversity conservation.

And as per Section 24, an SBB has the power to restrict certain activities in the state that might be going against the objectives of conservation. In the context, the court hinted that if the Government were to consider the inputs of the SBB on concerns of biodiversity conservation, the authorities may be compelled to reconsider the land acquisition of a biodiversity-rich area for commercial activities.

### Case Study - 1

POLANI Limited (hereinafter referred to as P) is a foreign company engaged in manufacturing of a wide range of food products, including foods for infants, children and invalids, malted milk, biscuits, toffees, etc. under the trademark POLANI, of which it claims to be the original registered owner. The trademark 'POLANI' was registered in India in relation to foods for infants, children as well as malted milk as early as 1973, for biscuits in 1981 and in respect of toffees in 1986. P is also the owner of copyright of POLANI label and is exclusively entitled to reproduce and alter the features of the POLANI label in any material form as it deems fit.

Kaustubh Confectionery (hereinafter referred to as K) started manufacturing a similar look-alike product, namely, toffees under the trademark 'POLANI' infringing the trademark rights enjoyed by 'POLANI'. K also reproduced the label of P thereby amounting to the infringement of the copyright of the latter.

P contended that since the consumers of the product under the trademark POLANI included infants, children and adults it was obligated to ensure that the quality and standard of the product met the prescribed requirements under the law. They further stated that they ensured that the products under the trademark POLANI were made under strict hygienic conditions. Accordingly, if K is permitted to use the challenged trademark POLANI, the right of which was never granted neither permitted by P, the latter was at all times at a risk of facing the consequences of K's conduct and unauthorized use. Hence they filed for a suit seeking to permanently restrain K from infringing the P's trademark POLANI and also its copyrights which it enjoyed over the product.

A Single Judge Bench of the High Court found out that P was indeed the original registered owner of the trademark POLANI in respect of food for children, malted milk, biscuits and toffees and all other products as a result of prior marketing and registration. With regards to toffees registration was done in India in 1986. And the company carried out various advertisements of its products under the trademark POLANI and thereby enjoyed sufficient goodwill and reputation for its products in India. The court ruled that use of the label and trademark POLANI by K in respect of toffees is very likely to cause confusion among the people. It would thereby lead to deception, majorly as a result of K having copied the trademark POLANI and also its label as and how it appears on the products manufactured and marketed by P.

Accordingly the court restrained K from manufacturing and selling toffees or other related goods under the trademark POLANI or under any other name that is similar in expression to P's trademark POLANI. Further the court barred K from reproducing, printing or publishing any label which was a mere reproduction or imitation of K's POLANI label, thereby protecting the latter's copyright to the label.

Under this background, answer the following:

- (a) What is Copyright? Discuss whether the above mentioned facts creates an apt case for the infringement of Copyright or not? Support your answer with reasons and relevant case laws.
- (b) Is the Trademark law is applicable in the above mentioned facts. State the provisions under which protection could be granted in the above case and also state their application with the reasons your answer.
- (c) Write a detailed note on the Law related to Trademark in India. Also draw the points of relationship between Trademark Law and Copyright Law in India.
- (d) What exactly has been the decision of High Court in this case? Describe the decision in your own words stating the reasonable grounds for the decision.
- (e) Is “K” entitled to file an appeal against the decision of the High Court? If yes, what would be the procedure to file and If No, then state the reasons why?
- (f) Discuss the Doctrine of Functionality in perspective of Trademarks.
- (g) Discuss the Doctrines of ‘Merger’ and ‘Physical Copy’ in the context of infringement of copyrights in films and media.

## Case Study -2

SHONSHAH, the Plaintiff has filed this suit against CURUDIT, the defendant for permanent injunction in respect of Sitagliptin Phosphate Monohydrate or any other salt of Sitagliptin in any form, alone or in combination that infringes the claimed Plaintiff's Patent No. 209816. The defendants were selling Sitagliptin Phosphate monohydrate under the brand PITA and Sitagliptin Phosphate Monohydrate and Metformin Hydrochloride under the brand name PITA –ZET.

Defendant had filed written statement-cum-counter claim wherein, had prayed for revocation of the suit patent. Defendant has alleged that it does not infringe the suit patent since:

- I. It lacks inventive step
- II. Invention claimed lacks industrial applicability within the meaning of section 64(1)(g) of the Act. Invention disclosed was physically and chemically unstable in nature and was incapable of being used in solid dose formulations;
- III. Disclosure was insufficient within the meaning of Section 64(1)(h) as complete specification was not disclosed regarding the preparation of Sitagliptin base so as to enable a person in India, possessing average skill and knowledge to work the invention,
- IV. Any claim of the complete specification is not fairly based on the matter disclosed in the specification, thus, violated section 64(1)(i) of the Act.
- V. Patent was obtained on a false suggestion or representation and was liable to be revoked under Section 64(1) (j) of the Act.
- VI. Applicant failed to comply with Section 8 of the Act resultantly patent is liable to be revoked under Section 64 (1) (m) of the Act.

Based on the above facts, answer the following:

- (a) What are the grounds and procedure to register a “Patent” under the law relating to Patents in India?

Once a Patent is granted, can it be challenged further? State your answer with reasons and relevant provisions.

- (b) In the above case, Defendant claims that Plaintiff's patent lacks inventive step. Who would be having a burden to prove the presence or absence of inventive step and what would be consequences, in case it is not proved that Plaintiff's patent lacks inventive step. State your answers with reasons
- (c) How a Patent is revoked? Discuss in detail the grounds of revocation of a Patent.

## SELF TEST QUESTIONS

1. Explain the 'test of enhanced therapeutic efficacy' in reference to patent laws. In which court case it was propounded by judiciary
2. Explain the 'test of fundamental or substantial similarities' in reference to Copyright Act. In which case it was propounded by the judiciary.
3. Explain whether hybrid seeds are covered in the definition of 'propagating material'. Differentiate between 'harvested material' and 'propagating material' in reference to decided cases and 'Protection of Plant Varieties and Farmer's Rights Act, 2001'.
4. Explain the term 'Application of Mischief Rule' in reference to decided case under 'Protection of Plant Varieties and Farmer's Rights Act, 2001'

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slight shadow on the right side, suggesting it's resting on a surface.

## PROFESSIONAL PROGRAMME

### INTELLECTUAL PROPERTY RIGHTS-LAWS AND PRACTICES

# PP-IPRL&P

#### WARNING

It is brought to the notice of all students that use of any malpractice in Examination is misconduct as provided in the explanation to Regulation 27 and accordingly the registration of such students is liable to be cancelled or terminated. The text of regulation 27 is reproduced below for information:

#### **“27. Suspension and cancellation of examination results or registration**

In the event of any misconduct by a registered student or a candidate enrolled for any examination conducted by the Institute, the Council or the Committee concerned may suo motu or on receipt of a complaint, if it is satisfied that, the misconduct is proved after such investigation as it may deem necessary and after giving such student or candidate an opportunity to state his case, suspend or debar the person from appearing in any one or more examinations, cancel his examination result, or studentship registration, or debar him from future registration as a student, as the case may be.

Explanation - Misconduct for the purpose of this regulation shall mean and include behaviour in a disorderly manner in relation to the Institute or in or near an Examination premises/centre, breach of any regulation, condition, guideline or direction laid down by the Institute, malpractices with regard to postal or oral tuition or resorting to or attempting to resort to unfair means in connection with the writing of any examination conducted by the Institute”.

## PROFESSIONAL PROGRAMME INTELLECTUAL PROPERTY RIGHTS-LAWS AND PRACTICES

### TEST PAPER

*(This test paper is for practice and self study only and not to be sent to the Institute)*

*Time allowed: 3 hours*

*Maximum Mark: 100*

**NOTE :** Answer All Questions

1. POLANI Limited (hereinafter referred to as P) is a foreign company engaged in manufacturing of a wide range of food products, including foods for infants, children and invalids, malted milk, biscuits, toffees, etc. under the trademark POLANI, of which it claims to be the original registered owner. The trademark 'POLANI' was registered in India in relation to foods for infants, children as well as mailed milk as early as 1973, for biscuits in 1981 and in respect of toffees in 1986. P is also the owner of copyright of POLANI label and is exclusively entitled to reproduce and alter the features of the POLANI label in any material form as it deems fit.

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A Single Judge Bench of the High Court found out that P was indeed the original registered owner of the trademark POLANI in respect of food for children, malted milk, biscuits and toffees and all other products as a result of prior marketing and registration. With regards to toffees registration was done in India in 1986. And the company carried out various advertisements of its products under the trademark POLANI and thereby enjoyed sufficient goodwill and reputation for its products in India. The court ruled that use of the label and trademark POLANI by K in respect of toffees is very likely to cause confusion among the people. It would thereby lead to deception, majorly as a result of K having copied the trademark POLANI and also its label as and how it appears on the products manufactured and marketed by P.

Accordingly the court restrained K from manufacturing and selling toffees or other related goods under the trademark POLANI or under any other name that is similar in expression to P's trademark POLANI. Further the court barred K from reproducing, printing or publishing any label which was a mere reproduction or imitation of K's POLANI label, thereby protecting the latter's copyright to the label.

Under this background, answer the following:

- (a) What is Copyright? Discuss whether the above mentioned facts create an apt case for the infringement of Copyright or not? Support your answer with reasons and relevant case laws.

*(10 marks)*

- (b) Is the Trademark law is applicable in the above mentioned facts. State the provisions under which protection could be granted in the above case and also state their application with the reasons your answer. (10 marks)
- (c) Write a detailed note on the Law related to Trademark in India. Also draw the points of relationship between Trademark Law and Copyright Law in India. (10 marks)
- (d) What exactly has been the decision of High Court in this case? Describe the decision in your own words stating the reasonable grounds for the decision. (10 Marks)
- (e) Is "K" entitled to file an appeal against the decision of the High Court? If yes, what would be the procedure to file and If No, then state the reasons why? (10 marks)
2. SHONSHAH, the Plaintiff has filed this suit against CURUDIT, the defendant for permanent injunction in respect of Sitagliptin Phosphate Monohydrate or any other salt of Sitagliptin in any form, alone or in combination that infringes the claimed Plaintiff's Patent No. 209816. The defendants were selling Sitagliptin Phosphate monohydrate under the brand PITA and Sitagliptin Phosphate Monohydrate and Metformin Hydrochloride under the brand name PITA –ZET.

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- V. Patent was obtained on a false suggestion or representation and was liable to be revoked under Section 64(1) (j) of the Act.
- V. Applicant failed to comply with Section 8 of the Act resultantly patent is liable to be revoked under Section 64 (1) (m) of the Act.

Based on the above facts, answer the following :

- (a) What are the grounds and procedure to register a "Patent" under the law relating to Patents in India? Once a Patent is granted, can it be challenged further? State your answer with reasons and relevant provisions (10 marks)
  - (b) In the above case, Defendant claims that Plaintiff's patent lacks inventive step. Who would be having a burden to proof the presence or absence of inventive step and what would be consequences, in case it is not proved that Plaintiff's patent lacks inventive step. State your answers with reasons (10 marks)
  - (c) How a Patent is revoked? Discuss in detail the grounds of revocation of a Patent. (10 marks)
3. What is the significance of Protection of Intellectual Property Rights? Discuss in brief the objectives and business impact on the Protection of Intellectual Property. (5 marks)

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4. Write a detailed note on Compulsory Licensing in India. (5 marks)
5. What do you mean by "Trade Secrets"? Discuss the Protection of Trade Secrets in India (5 marks)
6. What do you mean by Industrial Design? Discuss the law relation to Industrial Design in India. (5 marks)





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